

# CIG



## 上海劍橋科技股份有限公司 CIG SHANGHAI CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code : 6166

## GLOBAL OFFERING

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



國泰君安國際  
GUOTAI JUNAN INTERNATIONAL

*IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.*

# CIG

## CIG SHANGHAI CO., LTD.

### 上海劍橋科技股份有限公司

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

#### Global Offering

Number of Offer Shares under the Global Offering	:	67,010,500 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	6,701,050 H Shares (subject to reallocation)
Number of International Offer Shares	:	60,309,450 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	HK\$68.88 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock code	:	6166

*Sole Sponsor*



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

**國泰君安國際**  
INTERNATIONAL



**CITIC SECURITIES**

*Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager*

✕ B

---

## IMPORTANT

---

### **IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS**

**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 website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under “*HKEXne > Ne Li ing > Ne Li ing Info ma ion*” section, and our website at [www.cigtech.com](http://www.cigtech.com). If you require a printed copy of this Prospectus, you may download and print from the website addresses above.**

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

- (i) apply online through the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- (ii) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf 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.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**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.**

Please refer to “How to Apply for Hong Kong Offer Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 50 Hong Kong Offer Shares and in one of the numbers set out in the table below.

## IMPORTANT

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 Offer 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, you are required to pre-fund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable <sup>(2)</sup> on application/successful allotment
	HK\$		HK\$		HK\$		HK\$
50	3,478.73	800	55,659.72	7,000	487,022.58	100,000	6,957,465.48
100	6,957.47	900	62,617.18	8,000	556,597.24	200,000	13,914,930.95
150	10,436.20	1,000	69,574.65	9,000	626,171.90	300,000	20,872,396.45
200	13,914.93	1,500	104,361.98	10,000	695,746.55	400,000	27,829,861.92
250	17,393.66	2,000	139,149.31	20,000	1,391,493.10	500,000	34,787,327.40
300	20,872.40	2,500	173,936.64	30,000	2,087,239.64	600,000	41,744,792.88
350	24,351.13	3,000	208,723.97	40,000	2,782,986.19	700,000	48,702,258.35
400	27,829.86	3,500	243,511.29	50,000	3,478,732.75	800,000	55,659,723.85
450	31,308.60	4,000	278,298.62	60,000	4,174,479.29	900,000	62,617,189.32
500	34,787.33	4,500	313,085.94	70,000	4,870,225.83	1,000,000	69,574,654.80
600	41,744.80	5,000	347,873.28	80,000	5,565,972.39	2,000,000	139,149,309.60
700	48,702.25	6,000	417,447.93	90,000	6,261,718.93	3,350,500 <sup>(1)</sup>	233,109,880.91

*Notes:*

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 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.

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

*If there is an change in the following expected timetable of the Hong Kong Public Offering, the issuer shall issue an announcement in Hong Kong to be published on our Company's website at [www.cigttech.com](http://www.cigttech.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on  
Monday, October 20, 2025

Latest time for completing electronic applications  
under the **HK eIPO White Form** service through  
designated website [www.hkeipo.hk](http://www.hkeipo.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on Thursday,  
October 23, 2025

Application lists of the Hong Kong Public Offering open<sup>(3)</sup> . . . . . 11:45 a.m. on Thursday,  
October 23, 2025

Latest time for completing payment of **HK eIPO  
White Form** applications by effecting internet banking  
transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Thursday,  
October 23, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit an **EIPO application** on your behalf through HKSCC's FINI system, 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<sup>(3)</sup> . . . . . 12:00 noon on Thursday,  
October 23, 2025

Expected Price Determination Date<sup>(5)</sup> . . . . . on or before 12:00 noon on  
Friday, October 24, 2025

Announcement of the final Offer Price, the level of  
indications of interest in the International Offering,  
the level of applications in the Hong Kong Public  
Offering and the basis of allocation of the Hong Kong  
Offer Shares under the Hong Kong Public Offering  
to be published on the websites of the Hong Kong  
Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company  
at [www.cigttech.com](http://www.cigttech.com)<sup>(6)</sup> on or before . . . . . 11:00 p.m.  
Monday, October 27, 2025

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

Results of allocations in the Hong Kong Public Offering to be available through a variety of channels, including:

- in the announcement to be posted on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.cigtech.com](http://www.cigtech.com)<sup>(6)</sup> by no later than . . . . . 11:00 p.m. on  
Monday, October 27, 2025
  
- from the “Allotment Results” function at designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) with a “search by ID” function on a 24-hour basis . . . . . from 11:00 p.m. on  
Monday, October 27, 2025 to  
12:00 midnight on Sunday,  
November 2, 2025
  
- from the allocation results telephone enquiry line by calling +852 3691 8488 . . . . . between 9:00 a.m. and  
6:00 p.m. from Tuesday,  
October 28, 2025  
to Monday,  
November 3, 2025  
(excluding Saturday, Sunday  
and public holidays in  
Hong Kong)

Dispatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before<sup>(7)</sup> . . . . . Monday, October 27, 2025

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund checks in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before<sup>(7)</sup> . . . . . Tuesday, October 28, 2025

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at . . . . . 9:00 a.m. on Tuesday,  
October 28, 2025

---

*Notes:*

(1) All times and dates refer to Hong Kong local times and dates.

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service or the designated website at [www.hkeipo.hk](http://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/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 23, 2025, the application lists will not open or close on that day. Further information is set out in “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC’s FINI system should refer to “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels”.
- (5) The Price Determination Date is expected to be on or about Friday, October 24, 2025, and in any event, not later than 12:00 noon on Friday, October 24, 2025. If, for any reason, the Offer Price is not agreed between the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on or before 12:00 noon on Friday, October 24, 2025, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this Prospectus.
- (7) H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that the Global Offering has become unconditional in all respects prior to 8:00 a.m. on Tuesday, October 28, 2025. Investors who trade 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.

e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.

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

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

---

## CONTENTS

---

### IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

*This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities 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 securities 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 regulator authorities or an exemption therefrom.*

*You should rely only on the information contained in this Prospectus to make an investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. 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 contained nor made in this Prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Capital Market Intermediaries, any of the Underwriters, any of or for their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.*

	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	iv
<b>CONTENTS</b> .....	vii
<b>SUMMARY</b> .....	1
<b>DEFINITIONS</b> .....	26
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	40
<b>FORWARD-LOOKING STATEMENTS</b> .....	47
<b>RISK FACTORS</b> .....	49

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING  
RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE  
COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS)  
ORDINANCE . . . . . 85**

**INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL  
OFFERING . . . . . 98**

**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING . . . . . 102**

**CORPORATE INFORMATION . . . . . 590438320410 (7.E).5.)-**

**DIR4(4362.9(INV)19.7(OL)92(VED)-362.9BAL)-349I.....5911084.0513EIN4362.9(I1ED)7368(TBOUCBED)**

---

## CONTENTS

---

<b>APPENDIX III</b>	<b>-</b>	<b>TAXATION AND FOREIGN EXCHANGE . . . . .</b>	<b>III-1</b>
<b>APPENDIX IV</b>	<b>-</b>	<b>SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS . . . . .</b>	<b>IV-1</b>
<b>APPENDIX V</b>	<b>-</b>	<b>SUMMARY OF ARTICLES OF ASSOCIATION . . . . .</b>	<b>V-1</b>
<b>APPENDIX VI</b>	<b>-</b>	<b>STATUTORY AND GENERAL INFORMATION . . . . .</b>	<b>VI-1</b>
<b>APPENDIX VII</b>	<b>-</b>	<b>DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY . .</b>	<b>VII-1</b>

---

## SUMMARY

---

*This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety, and should be in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares. There are risks associated with an investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed 'Risk Factors' in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are primarily engaged in designing, developing and selling connectivity and data transmission devices. During the Track Record Period, we generated our revenue primarily from the sales of our products in (i) broadband; (ii) wireless; and (iii) photonics technologies. According to F&S, we were one of the few companies that offer products across these three technologies to a global customer base, and ranked 5th in the global integrated optical and wireless connectivity devices (“OWCD”) industry in 2024, with a market share of 4.1%, in terms of sales revenue. During the Track Record Period, the revenue generated from overseas markets represented 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively. In addition to our operations in China, we are also co-headquartered in the United States, with overseas R&D centers in the United States and Japan, overseas sales offices in the United States and Italy, and overseas co-location manufacturing facilities in the United States, Germany, Poland, and Malaysia. Moving forward, we will pursue a number of strategies for our overseas business, including (i) recruiting overseas talents; (ii) optimizing our production capacity layout overseas; and (iii) expanding our sales network overseas.

### Our products

Since our inception, we have been dedicated to providing customized products to meet the needs of our customers. Our offerings comprise product design and development, as well as the necessary software and support services to ensure effective implementation.

Key features of our products include the following:

	<b>Major areas of connectivity</b>	<b>Major applicable fields:</b>	<b>Network topology</b>	<b>General description of users/customers</b>
<b>Broadband</b>	Delivering efficient data transmission between computing clusters and users' premises	(i) FTTH and FTTB deployments; (ii) Multi-gigabit broadband infrastructure for residential and commercial use; and (iii) Telecom and ISP backbone upgrades	Point to multi-point over fiber	Telecommunications operators and internet service providers, municipal broadband providers; or large residential property developers or campus network operators.

---

## SUMMARY

---

	Major areas of connectivity	Major applicable fields:	Network topology	General description of users/customers
<b>Wireless</b> . . .	Delivering high bandwidth, fast transmission speeds, and low network latency between users' premises and end-users' smart devices	(i) Smart home and smart office environments; (ii) Enterprise and campus wireless networking; and (iii) Hospitality, retail, and public venue connectivity	Over the air	Consumer electronics brands and OEMs, enterprises deploying large-scale wireless network, or system integrators and managed service providers.
<b>Photonics</b> . . .	Delivering efficient connectivity within and between computing clusters	(i) Data center interconnect and cloud infrastructure; (ii) Connectivity in relation to AI computing clusters and hyperscale computing; and (iii) Connectivity in relation to high-performance computing and financial trading networks	Point to point over fiber	Hyperscale cloud service providers (e.g., public cloud platforms), data center operators and co-location providers, network equipment manufacturers and optical system integrators.

In relation to our broadband products, our XGS PON products (which are among the mainstream 10GPON products in the wider broadband sector) accounted for over 30% of the global 10GPON market by shipping volume as of December 31, 2024. We were among the first worldwide to achieve mass production of 25GPON and to pioneer the deployment of 50GPON. As of the Latest Practicable Date, our 25GPON was the fastest mass-produced product globally, while 50GPON is poised to become the next generation mainstream technology. We are also contributing to the early-stage evaluation of 100GPON, reinforcing our role in shaping the future of broadband.

In relation to our wireless products, our portfolio includes Wi-Fi products for unlicensed spectrum ideal for households and small businesses and small cell products for licensed spectrum applications such as cellular services and broadcasting. We were among the first in the global OWCD industry to develop and mass-produce Wi-Fi 7 products, which offer high bandwidth, fast transmission speeds, and low latency. In partnership with Google Fiber, we launched the industry's first 20G uplink Wi-Fi 7 gateway for home and small business users, delivering network services exceeding 10Gb/s. We are also actively developing Wi-Fi 8, the next-generation mainstream product.

In relation to our photonics products, our portfolio, which spans 100G, 400G, 800G, and 1.6T interconnection speeds, is adaptable to a wide range of industry standard form factors. We were among the first globally to deploy 800G and 1.6T photonics products. Our pioneering work in silicon photonics enables high transmission rates with low cost and power consumption critical for supporting the exponential growth in computational power. We are also advancing Linear-drive Pluggable Optics ("LPO") technology, which offers low power consumption, low latency, and high performance, making it ideal for AI models and data centers. To complement this, we are developing immersion liquid-cooled photonics to enhance

server efficiency and thermal management. Additionally, we are working on our packaged laser

## SUMMARY

The following tables set forth a breakdown of our sales volume, revenue, gross profit, and gross profit margin by such types of products for the periods indicated:

	For the year ended December 31,																	
	2022				2023				2024									
	Sales volume		Revenue		Gross profit margin		Sales volume		Revenue		Gross profit margin							
	Units '000	%	RMB '000	%	RMB '000	%	Units '000	%	RMB '000	%	RMB '000	%						
Broadband products . . . . .	10,169	74.0	2,059,278	54.5	306,581	14.9	7,559	77.6	1,827,146	59.2	356,432	19.5	9,580	74.7	2,032,689	55.7	377,832	18.6
Wireless products . . . . .	2,018	14.7	1,056,051	27.9	210,583	19.9	1,220	12.5	718,518	23.3	165,042	23.0	2,570	20.0	1,052,400	28.8	259,054	24.6
Photonics products . . . . .	890	6.5	478,215	12.6	131,886	27.6	587	6.0	446,680	14.5	130,166	29.1	356	2.8	491,527	13.5	119,063	24.2
Others <sup>(1)</sup> . . . . .	671	4.8	190,195	5.0	39,585	20.8	376	3.9	93,018	3.0	12,455	13.4	319	2.5	73,273	2.0	6,298	8.6
<b>Total/overall . . . . .</b>	<b>13,748</b>	<b>100.0</b>	<b>3,783,739</b>	<b>100.0</b>	<b>688,635</b>	<b>18.2</b>	<b>9,742</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>664,095</b>	<b>21.5</b>	<b>12,825</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>762,247</b>	<b>20.9</b>

*Note:*

1. Primarily included carrier-grade ethernet switches and edge computing products.

## SUMMARY

For the six months ended June 30,

	2024				2025							
	Sales volume		Revenue		Gross profit margin		Sales volume		Revenue		Gross profit margin	
	Units '000	%	RMB '000	%	RMB '000	%	Units '000	%	RMB '000	%	RMB '000	%
Broadband products . . . . .	5,143	77.4	975,732	55.4	199,613	20.5	5,286	80.4	1,192,642	58.6	229,259	19.2
Wireless products . . . . .	1,228	18.5	551,193	31.3	143,647	26.1	928	14.1	415,166	20.4	84,915	20.5
Photonics products . . . . .	120	1.8	202,041	11.5	39,805	19.7	247	3.8	394,216	19.4	127,602	32.4
Others <sup>(1)</sup> . . . . .	153	2.3	32,442	1.8	101	0.3	117	1.7	31,999	1.6	2,804	8.8
<b>Total/overall . . . . .</b>	<b>6,644</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>383,166</b>	<b>21.8</b>	<b>6,578</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>	<b>444,580</b>	<b>21.9</b>

(Una dited)

Note:

1. Primarily included carrier-grade ethernet switches and edge computing products.

---

## SUMMARY

---

In general, fluctuations in our revenue during the Track Record Period were primarily driven by changes in industry-wide demand, while our international expansion strategy supported revenue growth in specific markets. In 2023, our revenue declined due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in a postponed demand. However, in 2024, this deferred demand materialized, leading to a robust rebound in sales. This recovery was further bolstered by our intensified international sales efforts, particularly in the United States and Europe, where we expanded our commercial presence and developed stronger customer relationships. Overall, our total sales volume decreased from 13.7 million units in 2022 to 9.7 million units in 2023, and recovered to 12.8 million units in 2024. Similarly, our total revenue decreased from RMB3,783.7 million in 2022 to RMB3,085.4 million in 2023, then increased to RMB3,649.9 million in 2024. For the six months ended June 30, 2024 and 2025, our revenue increased from RMB1,761.4 million to RMB2,034.0 million for similar reasons.

From a profitability perspective, our gross profit and gross profit margins were generally lower in 2022 due to elevated raw material costs. These were driven by industry-wide supply chain disruptions that persisted from the pandemic period, which limited our ability to procure materials cost-effectively. As these disruptions eased in 2023, procurement costs normalized, contributing to a recovery in gross profit margins. This trend continued into 2024, supported by both improved cost structures and a favorable product mix, resulting in a relatively higher gross profit. Particularly, as we rolled out more sophisticated, high-margin photonics products in the six months ended June 30, 2025, our gross profit margins further improved. Looking ahead, we remain focused on sustaining our revenue growth while continuing to introduce advanced products that enhance our profitability profile.

## SUMMARY

Our average selling price (“ASP”) is calculated by dividing the revenue generated by our key product lines by the total sales volume of each product line. Each product line may comprise over hundreds of products, which may vary significantly in terms of pricing, customer type, and timing of sales. During the Track Record Period, we did not experience a concentration of revenue derived from any single product, with our top one product contributing 10.9% of our total revenue for 2024. Given the wide variety of our products, we adopt pricing strategies that are tailored to market conditions and customer needs. These strategies are designed to safeguard and enhance our profitability. The following sets forth a breakdown of the ASPs of our key product categories for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>
Broadband products . .	202.5	241.7	212.2	189.7	225.6
Wireless products . . .	523.3	588.9	409.5	448.8	447.4
Photonics products . .	537.3	761.0	1,380.7	1,682.3	1,595.7
Others . . . . .	<u>283.5</u>	<u>247.4</u>	<u>229.7</u>	<u>212.0</u>	<u>274.6</u>
<b>Overall . . . . .</b>	<b><u>275.2</u></b>	<b><u>316.7</u></b>	<b><u>284.6</u></b>	<b><u>265.1</u></b>	<b><u>309.2</u></b>

- Our broadband products saw an increase in ASP from RMB202.5 per unit in 2022 to RMB241.7 in 2023, followed by a decline to RMB212.2 in 2024. This fluctuation was primarily due to a shift in product mix toward newer, higher-functionality models in 2023 (such as 10G PON devices), which allowed for higher pricing, while in 2024, as the upgraded products entered broader commercial deployment, the unit price declined slightly. The ASP of our broadband products increased from RMB189.7 to RMB225.6 for the six months ended June 30, 2024 and 2025.
- Our wireless products followed a similar pattern, rising from RMB523.3 in 2022 to RMB588.9 in 2023 as we launched Wi-Fi-6E devices. The decline to RMB409.5 in 2024 was largely driven by market conditions. The ASP of our wireless products remained steady at RMB448.8 and RMB447.4 for the six months ended June 30, 2024 and 2025.
- Our photonics products, on the other hand, showed a strong upward trend, with ASPs increasing from RMB537.3 in 2022 to RMB761.0 in 2023, and then surging to RMB1,380.7 in 2024. This was mainly due to the successful rollout of advanced, high-value photonics products that met growing demand for cutting-edge optical technologies. This sustained increase was also driven by growing shipments of 400G products throughout 2023 and 2024. As the product line continues to evolve and upgrade, the higher-performance 400G offerings have contributed to a higher overall ASP. The ASP of our photonics products decreased from RMB1,682.3 to RMB1,595.7 for the six months ended June 30, 2024 and 2025.

---

## SUMMARY

---

### Our management and presence overseas and in China

Our founder and management team have globalized educational backgrounds and gained their industry experience overseas and in China. Notably, our founder, Mr. Gerald G Wong, is an MIT graduate and he served at AT&T Bell Labs (which later became Lucent Technologies Bell Labs) and as a vice president of Lucent Technologies.

We are a company with a presence overseas and in China. Over the years, we have set up R&D centers and in-house manufacturing facilities, and engaged in multiple co-location manufacturing arrangements with local partners across multiple countries and regions, as follows:

<b>Function</b>	<b>Location</b>	<b>No. of establishments</b>
Headquarters . . . . .	China and the United States	2
R&D centers . . . . .	China, the United States, and Japan,	6
In-house manufacturing facilities . . . . .	China	2
Co-location manufacturing facilities . . . . .	China, the United States, Germany, Poland, and Malaysia	6
Sales offices . . . . .	China, the United States, and Italy	3

In addition to the sales offices, we have also deployed personnel to multiple countries and regions to support our sales and customer relationship management efforts. Moreover, we have expanded our footprint through strategic acquisitions such as photonics assets and R&D teams from MACOM and Lumentum, and software capabilities from Actiontec. As of June 30, 2025, our customer base spanned across 52 countries and regions, serving the world's top five ICT equipment providers, and a majority of our revenue was generated from overseas markets. For 2022, 2023, and 2024, and the six months ended June 30, 2025, our revenue generated from overseas markets represented 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively.

## SUMMARY

The following table sets forth the breakdown of our revenue by geographical region in which our customers are located for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Una dited)</i>									
North America										
– United States . . . . .	1,187,244	31.4	1,161,500	37.6	1,448,139	39.7	691,922	39.3	980,454	48.2
– Mexico . . . . .	32,046	0.9	14,523	0.5	6,744	0.2	7,101	0.4	–	–
– Canada . . . . .	109,843	2.9	25,741	0.8	1,097	0.1	9	0.0	642	0.0
– Others . . . . .	27,208	0.7	22,201	0.7	942	0.0	650	0.0	–	–
<b>Sub-total . . . . .</b>	<b>1,356,341</b>	<b>35.9</b>	<b>1,223,965</b>	<b>39.6</b>	<b>1,456,922</b>	<b>40.0</b>	<b>699,682</b>	<b>39.7</b>	<b>981,096</b>	<b>48.2</b>
Europe										
– Finland . . . . .	1,257,194	33.2	1,115,094	36.1	1,515,843	41.5	731,271	41.5	788,646	38.8
– Others <sup>(1)</sup> . . . . .	103,004	2.7	75,107	2.5	57,721	1.6	24,949	1.4	24,242	1.2
<b>Sub-total . . . . .</b>	<b>1,360,198</b>	<b>35.9</b>	<b>1,190,201</b>	<b>38.6</b>	<b>1,573,564</b>	<b>43.1</b>	<b>756,220</b>	<b>42.9</b>	<b>812,888</b>	<b>40.0</b>
Chinese Mainland . . . . .	647,799	17.1	331,358	10.7	270,360	7.4	133,832	7.6	121,824	6.0
Asia (excluding Chinese Mainland) . . . . .	414,705	11.0	331,895	10.8	341,101	9.3	165,657	9.4	117,020	5.8
Others <sup>(2)</sup> . . . . .	4,696	0.1	7,943	0.3	7,942	0.2	6,017	0.4	1,195	0.0
<b>Total . . . . .</b>	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>

Note:

- Primarily included Denmark, the Netherlands, and the United Kingdom.
- Primarily included countries in South America, South Africa, and Oceania.

Our revenue from North America decreased from RMB1,356.3 million in 2022 to RMB1,224.0 million in 2023, before rising to RMB1,456.9 million in 2024. Similarly, our revenue from Europe declined from RMB1,360.2 million in 2022 to RMB1,190.2 million in 2023, and then increased to RMB1,573.6 million in 2024. The declines in 2023 in both regions primarily reflected an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period. In 2024, this deferred demand materialized, and our intensified sales efforts, particularly in the United States and key European markets, led to a strong recovery. Our revenue generated from North America increased from RMB699.7 million to RMB981.1 million for the six months ended June 30, 2024 and 2025. This was due to an increase in sales volume generated from the region.

Our revenue from Chinese Mainland declined steadily from RMB647.8 million in 2022 to RMB331.4 million in 2023, and further to RMB270.4 million in 2024. While the 2023 decline was partially influenced by the broader post-pandemic inventory cycle, the continued decrease in 2024 reflected the strategic expansion of our overseas sales and marketing efforts.

---

## SUMMARY

---

### **Our R&D capabilities**

As of June 30, 2025, our R&D team comprised 673 members, representing over 50% of our total workforce, and we have established R&D centers in China, the United States, and Japan. During the Track Record Period, our R&D expenses represented 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue, respectively, and our cumulative R&D investments during the Track Record Period exceeded RMB1.4 billion.

### **Our manufacturing capabilities**

We primarily manufacture our products via (i) our co-location manufacturing model; and (ii) our in-house manufacturing facilities. Our co-location manufacturing model, which is a commonly-used term in the industry according to F&S, involves close partnership between our co-location partners and us, where we are responsible for the product design, key materials, core machinery, processes, and overall management, while our co-location partners provide the factory space, workforce, basic machinery, assistance on logistics and procurement, and handle local regulations. This setup gives us better control over quality and consistency across all production sites. We also benefit from our co-location partners' experience and logistics networks, which help us deliver products faster to nearby customers. As of the Latest Practicable Date, we had entered into agreements with three co-location partners in China, and three overseas, namely in Malaysia, the United States, and Europe. Our in-house manufacturing facilities (with the first one located in Shanghai and has been in operation since 2014, and the new facility located in Jiashan, near Shanghai, which has been in operation from July 2025) are also considered essential to our production capabilities. We conduct pilot runs in-house to optimize processes before replicating them at co-location sites, and we maintain the production in-house as a benchmark for co-location operations.

### **Our JDM and ODM models**

We serve customers through either Joint Design Manufacturing (“**JDM**”) or Original Design Manufacturing (“**ODM**”) models. Under the JDM model, we work closely with customers from the early stages of product design and development. JDM projects typically involve a longer lead time, often one to two years, for certification due to the high level of customization and the need for strong financial and operational capabilities. This model is best suited for clients seeking unique, high-performance products and who value close technical collaboration. In contrast, under our ODM model, we design and develop products internally and then offer them to customers. This model offers faster time-to-market and cost efficiency, making it ideal for clients who prefer proven, off-the-shelf products with minimal development time.

## SUMMARY

The following sets forth the revenue, gross profit, and gross profit margins generated from such models during the Track Record Period:

	For the year ended December 31,									For the six months ended June 30,					
	2022			2023			2024			2024			2025		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
<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>RMB'000</i>	<i>RMB'000</i>	%	
	<i>(Una dited)</i>														
JDM . .	2,187,589	393,306	18.0	1,639,179	298,608	18.2	1,950,263	360,558	18.5	977,804	195,631	20.0	933,385	181,022	19.4
ODM . .	1,596,150	295,329	18.5	1,446,183	365,487	25.3	1,699,626	401,689	23.6	783,604	187,535	23.9	1,100,638	263,558	23.9
Total . .	<u>3,783,739</u>	<u>688,635</u>	18.2	<u>3,085,362</u>	<u>664,095</u>	21.5	<u>3,649,889</u>	<u>762,247</u>	20.9	<u>1,761,408</u>	<u>383,166</u>	21.8	<u>2,034,023</u>	<u>444,580</u>	21.9

In general, there was no distinct factor differentiating the revenue fluctuations between our JDM and ODM customers. During the Track Record Period, the revenue from our JDM customers decreased by RMB548.4 million, or by 25.1%, from RMB2,187.6 million in 2022 to RMB1,639.2 million in 2023. Similarly, the revenue from our ODM customers declined by RMB150.0 million, or by 9.4%, from RMB1,596.2 million in 2022 to RMB1,446.2 million in 2023. These declines were primarily due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand across both JDM and ODM segments. In 2024, this deferred demand began to recover. Coupled with our enhanced sales and marketing efforts, especially in overseas markets, the demand from both JDM and ODM customers rebounded. Consequently, the revenue from our JDM customers increased by RMB311.1 million, or by 19.0%, to RMB1,950.3 million, while the revenue from our ODM customers rose by RMB253.4 million, or by 17.5%, to RMB1,699.6 million. For the six months ended June 30, 2024 and 2025, the revenue generated from our JDM customers slightly decreased from RMB977.8 million to RMB933.4 million, and the revenue generated from our ODM customers increased from RMB783.6 million to RMB1,100.6 million.

Under the JDM model, customers often participate in the development process by providing specific features such as firmware modules. In contrast, the ODM model grants us full responsibility for feature development and enables us to deliver more value-added components, such as software and interworking capabilities. This generally supports higher margins. It is worth noting that the relatively lower gross profit margin from ODM in 2022 was primarily due to our Group's strategic decision to pay a premium for securing critical materials amid shortages, in order to maintain delivery commitments. This was considered a necessary trade-off to uphold customer trust and continuity.

---

## SUMMARY

---

### CUSTOMERS AND SUPPLIERS

During the Track Record Period, our major customers comprised mostly information and communication technology manufacturers. In 2022, 2023, and 2024, and the six months ended June 30, 2025, the revenue generated from our five largest customers in each year/period of the Track Record Period amounted to RMB2,398.5 million, RMB2,122.7 million, RMB2,737.6 million, and RMB1,677.5 million, representing 63.5%, 68.8%, 74.9%, and 82.5% of our total revenue, and the revenue generated from our largest customer for each year/period represented 33.6%, 36.1%, 41.8%, and 41.7% of our total revenue, respectively. Our major suppliers during the Track Record Period comprised mostly providers of telecommunications parts and components. In 2022, 2023, and 2024, and the six months ended June 30, 2025, purchases from our five largest suppliers in each year/period of the Track Record Period amounted to RMB1,130.5 million, RMB709.7 million, RMB1,089.4 million, and RMB754.6 million, representing 34.0%, 35.3%, 38.8%, and 44.3% of our total purchases, and purchases from our largest supplier for each year/period represented 8.5%, 9.3%, 10.4%, and 16.0% of our total purchases, respectively.

### MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

According to F&S, the global OWCD market encompasses a comprehensive suite of devices essential for the optical communication and wireless networking industry, including photonics, wired broadband access, and wireless network access devices. From 2020 to 2024, the global sales revenue of the OWCD industry increased from USD32.4 billion to USD54.6 billion, with a CAGR of 13.9%. It is projected to reach USD111.8 billion by 2029, representing a CAGR of 15.4% from 2024 onwards. Moreover, in relation to the market for broadband products, most notably, PON devices, the global market size for PON devices by sales revenue increased from USD6.2 billion in 2020 to USD7.8 billion in 2024, with a CAGR of approximately 5.8%, and is projected to reach USD11.9 billion in 2029, with a CAGR of approximately 8.8% from 2024. In relation to the market for Wi-Fi products, the global market size for Wi-Fi devices, the global sales revenue of Wi-Fi devices rose from USD13.7 billion in 2020 to approximately USD16.7 billion in 2024, with a CAGR of around 5.1%, and is projected to reach USD21.2 billion in 2029, with a CAGR of 4.9%. In relation to photonics products, global sales revenue of photonics rose from USD11.2 billion in 2020 to USD17.8 billion in 2024, with a CAGR of 12.2%, and is expected to reach USD41.5 billion in 2029 with a CAGR of 18.5%.

Furthermore, the recent explosive growth of AI applications has created a growing need for connectivity solutions that ensure fast, low-latency, and high-capacity data transmission between data centers, and also from computational power to end-users' network and smart devices support the future of AI development. According to F&S, notable developments in this era of AI advancement include the following:

---

## SUMMARY

---

- **Large-scale AI infrastructure investments:** Certain notable investments in AI infrastructure are expected in the coming years. For example, the United States government launched the “Stargate Initiative” in 2025 to expand AI-supporting infrastructure with a commitment of USD500 billion over four years. Global tech giants are also projected to invest over USD400 billion in AI infrastructure within the next three years.
- **Decentralization of computing networks with lightweight AI models:** The rise of lightweight AI models and open-source platforms has made AI technology more accessible. This allows small and medium-sized businesses to create their own AI models and local data centers, reducing dependency on external resources. The democratization of AI enables more companies to innovate and improve operations, increasing demand for small and medium-sized data centers.
- **Rapid proliferation of AI applications:** The widespread adoption of advanced AI models and decreased costs have led to a surge in global data traffic and demand for higher-end broadband, wireless, and industrial IoT equipment.

In terms of market competition, the global integrated OWCD industry is relatively competitive with a total market size of USD12.4 billion in 2024. The top five players had an aggregate of 30.4% of the market share in the industry in terms of sales revenue. Our Company ranked 5th among all players, with a market share of 4.1% in global integrated OWCD industry.

### OUR COMPETITIVE STRENGTHS AND FUTURE STRATEGIES

Our achievements to date and the foundation for our future growth are driven by several competitive advantages, including (i) our capable management and R&D teams, with their backgrounds and industry insights, have driven us to achieve R&D breakthroughs; (ii) we are well-positioned in the market to capture future growth opportunities; (iii) we are a company with a presence overseas and in China; (iv) our success has been driven by flexible and efficient business models; and (v) we are capable of, and have successfully, scaled-up our manufacturing capabilities.

We are committed to preserving our status as market leaders and to fostering our financial and operational expansion to this end, we intend to (i) continue attracting top global talent to enhance our overall competitiveness; (ii) increase our R&D investments to maintain our competitive edge in the industry; (iii) optimize our production capacity layout overseas and in China and continue to invest in intelligent manufacturing to meet the demand of our customers; and (iv) further expand our sales network.

## SUMMARY

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth a summary of our results of operations:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Una dited)</i>									
<b>Revenue</b> . . . . .	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>
Cost of sales . . . . .	(3,095,104)	(81.8)	(2,421,267)	(78.5)	(2,887,642)	(79.1)	(1,378,242)	(78.2)	(1,589,443)	(78.1)
<b>Gross profit</b> . . . . .	<b>688,635</b>	<b>18.2</b>	<b>664,095</b>	<b>21.5</b>	<b>762,247</b>	<b>20.9</b>	<b>383,166</b>	<b>21.8</b>	<b>444,580</b>	<b>21.9</b>
Other income, net . . . . .	20,006	0.5	18,882	0.6	49,663	1.4	38,900	2.2	14,427	0.7
Other gains, net . . . . .	34,776	0.9	31,133	1.0	24,458	0.7	(7,091)	(0.4)	13,965	0.7
Research and development expenses . . . . .	(270,376)	(7.1)	(275,799)	(8.9)	(320,368)	(8.8)	(149,005)	(8.5)	(160,785)	(7.9)
Selling and marketing expenses . . . . .	(58,106)	(1.5)	(70,484)	(2.3)	(90,065)	(2.5)	(43,144)	(2.5)	(52,042)	(2.5)
General and administrative expenses . . . . .	(206,271)	(5.5)	(217,488)	(7.0)	(208,259)	(5.7)	(103,234)	(5.9)	(111,199)	(5.5)
Reversal/(Provision) of expected credit loss, net . . . . .	27,751	0.7	4,698	0.2	(1,351)	(0.1)	(4,288)	(0.2)	(5,587)	(0.3)
Finance costs . . . . .	(57,903)	(1.5)	(61,123)	(2.0)	(52,890)	(1.4)	(32,132)	(1.8)	(24,263)	(1.2)
<b>Profit before income tax</b> . . . . .	<b>178,512</b>	<b>4.7</b>	<b>93,914</b>	<b>3.1</b>	<b>163,435</b>	<b>4.5</b>	<b>83,172</b>	<b>4.7</b>	<b>119,096</b>	<b>5.9</b>
Income tax (expense)/credit . . . . .	(7,406)	(0.2)	1,051	0.0	3,606	0.1	1,407	0.1	(1,550)	(0.1)
<b>Profit for the year/period</b> . . . . .	<b>171,106</b>	<b>4.5</b>	<b>94,965</b>	<b>3.1</b>	<b>167,041</b>	<b>4.6</b>	<b>84,579</b>	<b>4.8</b>	<b>117,546</b>	<b>5.8</b>

Our cost of sales mainly consists of (i) raw materials; (ii) manufacturing overhead; and (iii) staff costs. Our raw materials mainly include integrated circuits, structural components, transistors, and connectors. During the Track Record Period, our cost of sales represented 81.8%, 78.5%, 79.1%, and 78.1% of our total revenue, and 84.8%, 85.1%, 85.7%, and 84.3% of our cost of sales were attributable to the procurement of raw materials necessary to production.

During the Track Record Period, our Group experienced fluctuations in our net profit primarily due to shifts in customer demand and cost structures. In 2023, our net profit declined to RMB95.0 million from RMB171.1 million in 2022, largely as a result of postponed demand for our products resulted from the industry's gradual consumption of inventories accumulated during the pandemic. This was compounded by increased research and development, administrative, and marketing expenses, including share-based payment expenses. However, in 2024, our net profit rebounded to RMB167.0 million, supported by a recovery in revenue, improved gross profit, and a notable increase in other income such as government subsidies and interest income, alongside reduced finance costs and a favorable income tax credit. For the six months ended June 30, 2024 and 2025, our net profit increased from RMB84.6 million to RMB117.5 million, mainly due to an increase in revenue, particularly in relation to our photonics products.

## SUMMARY

The following table sets forth a summary of our financial position:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets . . . . .	1,405,278	1,481,032	1,555,643	1,860,325
Current assets . . . . .	3,831,892	3,254,886	3,633,171	4,399,087
<b>Total assets . . . . .</b>	<b>5,237,170</b>	<b>4,735,918</b>	<b>5,188,814</b>	<b>6,259,412</b>
Non-current liabilities . . . . .	196,185	209,814	298,821	266,433
Current liabilities . . . . .	3,115,468	2,238,143	2,429,004	3,449,769
<b>Total liabilities . . . . .</b>	<b>3,311,653</b>	<b>2,447,957</b>	<b>2,727,825</b>	<b>3,716,202</b>
<b>Net current assets . . . . .</b>	<b>716,424</b>	<b>1,016,743</b>	<b>1,204,167</b>	<b>949,318</b>
<b>Net assets . . . . .</b>	<b>1,925,517</b>	<b>2,287,961</b>	<b>2,460,989</b>	<b>2,543,210</b>

As of December 31, 2022, 2023 and 2024, and June 30, 2025, our net assets amounted to approximately RMB1,925.5 million, RMB2,288.0 million, RMB2,461.0 million, and RMB2,543.2 million, respectively. Our net assets increased by RMB362.5 million, or by 18.8%, from RMB1,925.5 million as of December 31, 2022 to RMB2,288.0 million as of December 31, 2023, primarily due to the capital injection in a subsidiary from non-controlling interest of RMB150.0 million, our profit for the year of RMB95.0 million, the exercise of share options of RMB85.9 million, and the vesting of awarded shares under restricted shares incentive scheme of RMB34.0 million. Our net assets rose further by RMB173.0 million, or by 7.6%, from RMB2,288.0 million as of December 31, 2023 to RMB2,461.0 million as of December 31, 2024, primarily due to our profit for the year of RMB167.0 million and the release of awarded shares under restricted shares incentive scheme of RMB39.5 million, partially offset by the dividends declared of RMB43.7 million. Our net assets increased by RMB82.2 million, or by 3.3%, from RMB2,461.0 million as of December 31, 2024 to RMB2,543.2 million as of June 30, 2025, primarily due to our profit for the period of RMB117.5 million and the release of awarded shares under restricted shares incentive scheme of RMB18.2 million, partially offset by the dividends declared of RMB59.0 million.

Our total assets decreased by RMB501.3 million, or by 9.6%, from RMB5,237.2 million as of December 31, 2022 to RMB4,735.9 million as of December 31, 2023. This decrease was mainly attributable to reductions in inventories and trade receivables, reflecting tighter working capital management and improved collections, as well as a decrease in other current assets. Our total assets increased by RMB452.9 million, or by 9.6%, from RMB4,735.9 million as of December 31, 2023 to RMB5,188.8 million as of December 31, 2024. The increase was primarily due to higher inventories and cash balances, as well as investments in property, plant and equipment, which supported our business expansion and operational needs. Our total assets increased by RMB1,070.6 million, or by 20.6%, from RMB5,188.8 million as of December 31, 2024 to RMB6,259.4 million as of June 30, 2025. This growth was driven by a rise in inventories and trade receivables, as well as an increase in cash and cash equivalents, both reflecting our business growth.

Our net current assets increased by RMB300.3 million, or by 41.9%, from RMB716.4 million as of December 31, 2022 to RMB1,016.7 million as of December 31, 2023. This improvement was mainly due to a substantial reduction in current liabilities, particularly our trade and bills payables and other borrowings. Our net current assets increased by RMB187.5 million, or by 18.4%, from RMB1,016.7 million as of December 31, 2023 to RMB1,204.2 million as of December 31, 2024. The increase was driven by higher inventories and cash balances, while current liabilities grew at a slower pace, indicating effective liquidity management and support for ongoing operations. Our net current assets decreased by RMB254.9 million, or by 21.2%, from RMB1,204.2 million as of December 31, 2024 to RMB949.3 million as of June 30, 2025. This decline was primarily the result of an increase in current liabilities, especially in our bank borrowings and trade payables, which outpaced the growth in our current assets and reflected a temporary build-up in working capital requirements or a shift towards short-term financing.

The following table sets forth a summary of our consolidated statements of cash flows:

For the year ended December 31,			For the six months ended June 30,	
2022	2023	2024	2024	2025
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Una dited)</i>	

_____	_____	_____	_____	_____
=====	=====	=====	=====	=====

## SUMMARY

The following table sets forth a summary of our key financial ratios:

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2022	2023	2024	2025
Return on equity <sup>(1)</sup> . . . . .	9.3%	4.5%	7.0%	4.8%
Return on assets <sup>(2)</sup> . . . . .	3.8%	1.9%	3.4%	2.1%
Gearing ratio <sup>(3)</sup> . . . . .	65.6%	58.4%	50.4%	75.6%
Gross profit margin <sup>(4)</sup> . . . . .	18.2%	21.5%	20.9%	21.9%
Net profit margin <sup>(5)</sup> . . . . .	4.5%	3.1%	4.6%	5.8%
R&D to revenue ratio <sup>(6)</sup> . . . . .	7.1%	8.9%	8.8%	7.9%

*Notes:*

- (1) Return on equity is calculated based on the profit for the year/period attributable to owners of our Company divided by the arithmetic mean of the opening and closing balances of the total equity and multiplied by 100%.
- (2) Return on assets is calculated based on the profit for the year/period attributable to owners of our Company divided by the arithmetic mean of the opening and closing balances of the total assets and multiplied by 100%.
- (3) Gearing ratio is calculated based on total indebtedness (including bank borrowings, other borrowings and lease liabilities) divided by total equity and multiplied by 100%.
- (4) Gross profit margin equals gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (5) Net profit margin equals net profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (6) Calculated by dividing our R&D expenses by our revenue for the year/period and multiplied by 100%.

### DIVIDEND

As of the Latest Practicable Date, we did not maintain any fixed dividend payout policy. Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》) and Articles of Association, within any three consecutive years, our distributed cumulative profits in cash shall not be less than 30% of the average distributable profits realized in the latest three years. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions, and shall be considered and resolved at our general shareholders' meeting. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition,

---

## SUMMARY

---

operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant. During the Track Record Period, we had declared and paid interim dividends totalling RMB8.0 million and final dividends totalling RMB35.7 million to our A Shareholders for the year ended December 31, 2024. We had declared dividends totalling RMB59.0 million for the year ended December 31, 2024, which had been paid as of June 30, 2025. We had declared interim dividends totalling RMB12.1 million for the six months ended June 30, 2025, which had been paid as of the Latest Practicable Date.

### USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, based on the maximum Offer Price of HK\$68.88 per Offer Share, will be approximately HK\$4,480.0 million, after the deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, and assuming that the Over-allotment Option is not exercised.

In line with our future strategies, we intend to use our proceeds from the Global Offering for the following purposes assuming the maximum Offer Price of HK\$68.88 per Offer Share:

- 50.0% of the net proceeds, or HK\$2,240.0 million, will be used to enhance our production capabilities. In particular, (i) 25.0% of the net proceeds, or HK\$1,120.0 million, will be used in relation to our photonics products, including our 800G/1.6T products; (ii) 12.0% of the net proceeds, or HK\$537.6 million, will be used in relation to our broadband products, including our 50G/25GPON products; and (iii) 13.0% of the net proceeds, or HK\$582.4 million, will be used in relation to our wireless products, including our Wi-Fi 7 and Wi-Fi 8 products;
- 20.0% of the net proceeds, or HK\$896.0 million, will be used to further enhance our R&D talents and skills. In particular, (i) 5.5% of the net proceeds, or HK\$246.4 million, will be used on recruitment; (ii) 9.5% of the net proceeds, or HK\$425.6 million, will be used to support the continued R&D of our manufacturing technologies through acquiring advanced machinery and software; and (iii) 5.0% of the net proceeds, or HK\$224.0 million, will be used to acquire essential materials to support our R&D efforts;
- 5.0% of the net proceeds, or HK\$224.0 million, will be used for business promotion and marketing. In particular, (i) 4.7% of the net proceeds, or HK\$210.6 million, will be used to enhance our sales and marketing capabilities; and (ii) 0.3% of the net proceeds, or HK\$13.4 million, will be used for expanding our market presence;
- 15.0% of the net proceeds, or HK\$672.0 million, will be used for overseas strategic investments; and
- 10.0% of the net proceeds, or HK\$448.0 million, will be used for general corporate purposes, including working capital needs.

---

## SUMMARY

---

For details, please refer to the section headed “Future Plans and Use of Proceeds” in this Prospectus.

### **SUMMARY OF RISK FACTORS**

Our business and the Global Offering involve certain risks as set out in the section headed “Risk Factors” in this Prospectus. Some of the major risks we face include: (i) we are engaged in a competitive industry, in which our operational and financial performance, financial condition, and future prospects may be affected by our competitors or changes in such competitive environment; (ii) our continuous success will rely on our R&D efforts; (iii) we may face risks associated with our operations overseas and in China; (iv) our results of operations are exposed to risks in relation to escalating trade tensions; (v) the success of our customers is essential to our business; and (vi) our success may depend on maintaining long term relationships with our major customers. You should read that section in its entirety carefully before you decide to invest in our Shares.

### **SANCTIONS-RELATED MATTERS**

During the Track Record Period, our Group has sold optical and wireless connectivity devices to non-sanctioned customers in the Relevant Regions, for which none of the Relevant Regions a Sanctioned Countries because these regions are not subject to general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, these regions are subject to a rather limited sets of sanctions targeting certain sanctioned entities and sectors or prohibited activities within such regions. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, these transactions involving Relevant Regions did not involve any sanctioned entities or exports or transactions of any items subject to the EAR, and hence did not represent a Primary Sanctioned Activity or violation of International Sanctions; and, the risk of these transactions being viewed as a Secondary Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with such views from the International Sanctions Legal Advisers.

During the Track Record Period, our Group has also provided design and manufacturing services to Customer D domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For our Group to provide the design and manufacturing services, Customer D provided raw materials and accessories to our Company, none of the raw materials and accessories are subject to the EAR, our Company then delivered the finished products to Customer D after manufacturing. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, given the nature of the transactions involving Customer D stated above, including that our Group was not engaged in any exports or transactions of any items subject to the EAR to Customer D, export restrictions applicable to Customer D being designated on the Entity List maintained by the BIS were not implicated and such transactions did not represent a Primary Sanctioned Activity or a violation of International Sanctions; and, the risk of these

---

## SUMMARY

---

transactions being viewed as a Secondary Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with such views from the International Sanctions Legal Advisers.

For more details, please refer to the section headed “Risk Factors — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities” and “Business — Business Activities that may be subject to International Sanctions” in this Prospectus.

### LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. For instance, as of the Latest Practicable Date, there have been two lawsuits that involve either Mr. Gerald G Wong or our Group. Both proceedings are ongoing, and no provision for contingent liability has been made in either case. Even taking into account the cases mentioned above, our Directors believe that, during the Track Record Period and up to the Latest Practicable Date, there was no material litigation, arbitration, proceedings, pending or threatened against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition, or results of operations.

For details, please refer to the section headed “Business — Legal proceedings and compliance” in this Prospectus.

### RESPONDING TO THE RECENT TRADE TARIFFS

In early 2025, the United States issued a series of executive orders (“**EO**”) that reshaped the tariff regime for imports from various jurisdictions. These included significant tariffs on products originating from the PRC, and the repeal of the De Minimis Exemption for PRC-origin goods under USD800 (effective May 2, 2025). According to our adviser as to U.S. tariffs laws and regulations, as of the Latest Practicable Date, for products originating from the PRC and shipped to the United States, the applicable tariffs may include: (i) a tariff of 30% (comprising 20% fentanyl-related, and 10% reciprocal tariff); (ii) “Section 301” tariffs that have been imposed since 2019 (ranging from 7.5% to 25%); and (iii) standard customs duties (i.e., most-favored nation (“**MFN**”) duties). According to our adviser as to U.S. tariffs laws and regulations, based on the current technical specifications and comparable U.S. Customs and Border Protection (“**CBP**”) rulings (i.e., administrative classification determinations published by CBP), they are of the view that our U.S.-bound products manufactured in the PRC would be classified under the Harmonized Tariff Schedule of the United States (“**HTSUS**”) 8517.62.0090 for tariff purposes, for which the applicable U.S. duty rate is 27.5% as of the Latest Practicable Date. The tariffs will include (i) “Section 301” tariff of 7.5%; and (ii) a 20% fentanyl-related tariff, where the 10% reciprocal tariff will not apply due to an exemption under EO 14257 for HTSUS 8517.62.0090. Such U.S. tariffs remain fluid, and we will continue to monitor the evolving trade policies and potential second-order effects.

---

## SUMMARY

---

Despite these developments, our Directors are of the view, and the Sole Sponsor concurs, that the imposition of these tariffs has not had, and is not expected to have, a material adverse effect on our Group's operations, financial performance, or relationships with key customers and suppliers. This is primarily due to our overseas expansion strategy, which includes diversified production capacity in Malaysia, the United States, Germany, and Poland. Currently, products originating outside of the PRC and shipped to the United States are not subject to the Section 301 tariffs and fentanyl-related tariffs applicable to PRC-origin goods if they (i) are fully manufactured, produced, or grown in another country (e.g., Malaysia); (ii) qualify under the "substantial transformation" test; or (iii) satisfy any other applicable U.S. country of origin rules. According to our adviser as to U.S. tariffs laws and regulations, based on the current technical specifications and comparable CBP rulings, they are of the view that our U.S.-bound products manufactured in Malaysia would be classified under HTSUS 8517.62.0090 for tariff purposes, for which the applicable U.S. duty rate is 0% as of the Latest Practicable Date.

Moreover, products that are produced in the United States, for example, those from our co-location partners in the United States, would not be subject to import tariffs when sold in the United States. We believe that whilst such U.S.-based facilities have limited capacity and contributed no revenue during the Track Record Period, they are positioned to support future localized demand. We remain vigilant of evolving trade policies and acknowledge potential second-order effects, such as intensified competition overseas and in China and shifts in consumer demand. We were not aware of any material adverse impact on our major customers and suppliers as a result of the Sino-U.S. trade tensions.

Our Directors confirm that there have been no significant changes in our export sales arrangements with U.S. customers during the Track Record Period, before and after our Company began relying solely on its co-location manufacturing facility in Malaysia in 2025. We operate with a flexible deployment model across our in-house facilities and co-location partners in the PRC, Malaysia, Germany, Poland, and the United States. This operational approach allows us to determine the most suitable production location, either in the PRC or Malaysia, based on a comprehensive evaluation of landed costs. These costs include labor rates, logistics expenses, tariff implications, production efficiency, supply chain resilience, and prevailing economic conditions. During the Track Record Period and up to the Latest Practicable Date, our export sales to U.S. customers have primarily been conducted under Free On Board ("FOB") or Free Carrier ("FCA") terms. Under this arrangement, we fulfil our delivery obligations once the goods are loaded onto a vessel at the port of shipment or handed over to the carrier designated by the customer at the agreed location. Following the imposition of elevated tariffs on PRC-origin goods and the removal of the De Minimis Exemption in 2025, our U.S. customers have borne, or will bear, the impact of these increased tariffs. While we are contractually able to pass on these additional costs to our customers under the FOB and FCA terms, doing so may adversely affect our customers' competitiveness in the U.S. market. In response, we strategically reallocated our production capacity to Malaysia. This shift enables our customers to maintain their business competitiveness and avoid the fluctuations of the customers' demand caused by the significant tariff increase. Consequently, we have manufactured products intended for U.S.-bound exports using our co-location manufacturing

---

## SUMMARY

---

facility in Malaysia. The cost advantages associated with tariff-free imports from Malaysia have been well received by our U.S. customer base, allowing us to continue meeting customer expectations following this transition.

For further details, please refer to the section headed “Business — Legal proceedings and compliance — Impact of the 2025 U.S. tariff regime on our Group’s business model” in this Prospectus.

### **RECENT DEVELOPMENT**

Subsequent to the Track Record Period and up until the Latest Practicable Date, we continued to (i) receive new orders from customers, (ii) deliver our products to our customers; and (iii) grow our customer base. As of the Latest Practicable Date, we had over 100 customers worldwide. In September 2025, during the latest China International Optoelectronic Exposition, we showcased several mass-produced 800G OSFP modules and 800G LPO modules. We also presented samples of our 1.6T OSFP (200G per channel) products currently undergoing customer testing, as well as prototype units of our 1.6T and 3.2T CPO optical engines and a pre-research prototype of the 1.6T packaged laser and silicon photonics engine (i.e., ELS, external light source) for CPO technology to industry participants.

#### **Shanghai No. 2 facility**

Subsequent to the Track Record Period, our in-house Shanghai No. 2 facility, with a total GFA of 100,000 sq.m., located in Jiashan commenced production in July 2025. Our Company intends to progressively ramp up both production volume and utilization in the near term. As of the Latest Practicable Date, we operate two in-house facilities—Shanghai No. 1 and Shanghai No. 2. In line with our long-term operational strategy and in anticipation of the lease expiry of Shanghai No. 1 later this year, we plan to consolidate all in-house production activities at the Shanghai No. 2 facility (the property of which is owned by our Company). Shanghai No. 2 is expected to absorb all personnel, materials, and equipment currently deployed at Shanghai No. 1. The facility has been designed with expanded capacity to accommodate future growth and to ensure readiness for any potential surge in customer demand from the PRC and/or overseas markets.

#### **No material adverse change**

Our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our business, financial condition, and results of operations since June 30, 2025, which is the end date of the years/period reported on in the Accountants’ Report as set out in Appendix I to this Prospectus, and there is no event since June 30, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this Prospectus.

## **IMPACT OF THE COVID-19 PANDEMIC**

The COVID-19 pandemic, which began in early 2020, had a broad impact on our operations and financial performance through 2022 and into 2023. While global public health measures, such as lockdowns, travel bans, and logistics restrictions, led to a certain degree of supply chain disruptions and delays in transportation, they also led to a growth in demand for higher-speed network connectivity, which benefited our industry. However, the same measures created supply constraints in 2022, increasing our costs as we took proactive steps to maintain delivery commitments to customers. These included securing materials at elevated prices and managing extended lead times. As a result, although demand remained strong, our margins were temporarily pressured.

In 2023, as supply conditions began to normalize, the industry experienced a slowdown in demand due to excess inventory accumulated during the earlier phases of the pandemic. Many customers continued to draw down on their stockpiles, which led to a moderate decline in new orders and revenue despite broader signs of economic recovery. From late 2023 into 2024, the pandemic's effects began to ease. Economic activity resumed, procurement cycles normalized, and customer engagement improved. While some residual impacts persisted, we focused on operational resilience, adopting remote work, digital tools, and flexible supply chain strategies, to maintain continuity. As a result, our financial performance began to stabilize, reflecting a return to more typical business conditions. Overall, our total sales volume declined from 13.7 million units in 2022 to 9.7 million in 2023, which recovered to 12.8 million in 2024, and our total revenue decreased from RMB3,783.7 million in 2022 to RMB3,085.4 million, and then increased to RMB3,649.9 million. For the six months ended June 30, 2024 and 2025, our revenue increased from RMB1,761.4 million to RMB2,034.0 million.

## **OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

As of the Latest Practicable Date, (i) Mr. Gerald G Wong indirectly controlled approximately 11.95% of our A Shares held by CIG Cayman (a company wholly owned by Mr. Gerald G Wong); (ii) Mr. Zhao Haibo indirectly controlled approximately 2.18% of our A Shares held by Kangling Technology. The executive partner of Kangling Technology is Mr. Zhao Haibo (holding 19.80% partnership interest in it), and its limited partners consist of Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 0.20% partnership interest in it) and Kangling Management (a limited partnership holding 80.00% partnership interest in it). The executive partner of Kangling Management is Mr. Zhao Haibo (holding 90.00% partnership interest in it) and its limited partner is Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 10.00% partnership interest in it). As the executive partner of Kangling Technology and Kangling Management, Mr. Zhao Haibo is responsible for the execution of partnership affairs and thus ultimately controls the voting power

---

## SUMMARY

---

holding in aggregate approximately 14.13% of our A Shares as of the Latest Practicable Date. Apart from their respective investment (directly or indirectly) in our Company, none of the Single Largest Group of Shareholders had engaged in other business or operation.

Immediately following completion the Global Offering, the Single Largest Group of Shareholders will in aggregate hold approximately 11.31% of our Shares (assuming the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). For further details about our Single Largest Group of Shareholders, please refer to the section headed “Relationship with our Single Largest Group of Shareholders” in this Prospectus.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. Assuming the Over-allotment Option is not exercised and based on the maximum Offer Price of HK\$68.88 per Offer Share, listing expenses to be borne by us are estimated to be HK\$135.7 million, comprising: (i) underwriting commissions, sponsor fees, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy of HK\$104.9 million; and (ii) non-underwriting-related expenses of HK\$30.8 million, which are further categorized into: (a) fees and expenses of legal advisers and accountants of HK\$20.8 million; and (b) other fees and expenses of HK\$10.0 million. Amongst the listing expenses, HK\$9.6 million was charged or is expected to be charged to our consolidated statements of profit or loss, and HK\$126.1 million is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 3.0% of the gross proceeds of the Global Offering, assuming the maximum Offer Price of HK\$68.88 per Offer Share and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since November 10, 2017, our A Shares have been listed on the Shanghai Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence

---

## SUMMARY

---

conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in any material respect.

### GLOBAL OFFERING STATISTICS

	<b>Based on a maximum Offer Price of HKD68.88 per H Share</b>
Market capitalization of our H Shares <sup>(1)(2)</sup> . . . . .	HKD4,615.7 million
Market capitalization of our Shares upon completion of the Global Offering <sup>(1)(3)</sup> . . . . .	HKD41,780.3 million
Unaudited pro forma adjusted consolidated net tangible assets per Share <sup>(4)(5)</sup> . . . . .	HKD19.10

*Notes:*

- (1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised and the options granted under the 2024 Share Option Incentive Scheme are not exercised.
- (2) The calculation of market capitalization of our H Shares is based on the assumption that 67,010,500 H Shares will be in issue immediately upon completion of the Global Offering.
- (3) The calculation of market capitalization of our Shares is based on the assumption that 67,010,500 H Shares will be in issue immediately upon completion of the Global Offering and 268,019,841 A Shares are issued and outstanding immediately upon completion of the Global Offering with an average closing price of RMB126.60 during the five trading days of A Shares immediately preceding the Latest Practicable Date.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated on the basis that 335,030,341 Shares (representing 268,041,841 A Shares in issue as at June 30, 2025, excluding 22,000 A Shares held for restricted shares incentive scheme as at June 30, 2025, adding 67,010,500 Offer Shares) were in issue and after making the adjustments referred to in the section headed "Appendix II — Unaudited Pro Forma Financial Information" in this Prospectus.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2025 to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2025. In particular, the above unaudited pro forma adjusted net tangible assets have not been taken into account the interim dividend which has not less than 10% of net profit for six months ended June 30, 2025 declared on August 18, 2025. Has the interim dividend of 10% of net profit for six months ended June 30, 2025 declared on June 30, 2025, the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company as of June 30, 2025 would have been decreased by approximately RMB12,114,000 while the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company per Share as at June 30, 2025 would have been decreased by RMB0.04 or HK\$0.04.

---

## 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 Glossar of Technical Terms.*

“2024 Share Option Incentive Scheme”	the 2024 share option incentive scheme adopted by the then Shareholders on August 26, 2024, the principal terms of which are set out in “Statutory and General Information — Our Share Incentive Schemes — 2024 Share Option Incentive Scheme” in Appendix VI to this Prospectus
“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“A Shareholder(s)”	holder(s) of our A Share(s)
“Accountants’ Report”	the accountants’ report of our Group for the Track Record Period as 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 articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this Prospectus
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Audit Committee”	the audit committee of the Board
“BIS”	U.S. Department of Commerce, Bureau of Industry and Security
“Board” or “Board of Directors”	the board of directors of our Company

---

## DEFINITIONS

---

“Business Day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediaries” or “CMIs”	has the meaning ascribed thereto under the Hong Kong Listing Rules and, unless the context requires otherwise, refers to the capital market intermediaries named in “Directors and Parties Involved in the Global Offering”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
“China” or “PRC”	the People’s Republic of China, except where the content or context requires otherwise
“CIG Cayman”	Cambridge Industries Company Limited, an investment holding company which was incorporated in May 2005 in the Cayman Islands and wholly owned by Mr. Gerald G Wong since its establishment, being a member of the Single Largest Group of Shareholders
“CIG Holding”	Hong Kong CIG Holding Company, Limited, an investment holding company incorporated in June 2011 in Hong Kong, which was owned as to 50.40% by Mr. Gerald G Wong as of the Latest Practicable Date and accordingly is our connected person. For the avoidance of doubt, CIG Holding ceased to hold our Shares since August 14, 2023
“close associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

---

## DEFINITIONS

---

“Company” or “our Company”	CIG SHANGHAI CO., LTD. (上海劍橋科技股份有限公司), a PRC company established on March 14, 2006, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 603083)
“Comprehensively Sanctioned Countries”	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions and Zaporizhzhia and Kherson regions
“Concert Party Agreement”	the concert party agreement entered into by Mr. Gerald G Wong and Mr. Zhao Haibo (趙海波先生) on August 30, 2017. Please refer to the section headed “History, Development and Corporate Structure” in this Prospectus for details
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Countries subject to International Sanctions”	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction
“CSRC”	The China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EAR”	United States Export Administration Regulations, 15 C.F.R. Parts 730-774

---

## DEFINITIONS

---

“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“ESG”	environmental, social and governance
“EU”	the European Union
“Euro”, “EUR” or “€”	the lawful currency of the member states of the EU participating in the third stage of the EU’s Economic and Monetary Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI” or “Fast Interface for New Issuance”	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“F&S”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global market research and consulting company
“F&S Report”	the report prepared by Frost & Sullivan
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “we”, “us” or “our”	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

---

## DEFINITIONS

---

“H Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of our H Share(s)
“H Share Registrar”	Tricor Investor Services Limited
“ <b>HK eIPO White Form</b> ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“ <b>HK eIPO White Form Service Provider</b> ”	the <b>HK eIPO White Form</b> service provider designated by our Company as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HK\$”, “Hong Kong dollars”, or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ <b>HKSCC EIPO</b> ”	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 designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your <b>broker</b> or <b>custodian</b> who is an HKSCC Participant to give <b>electronic application instructions</b> 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 the HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force

---

## DEFINITIONS

---

“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 6,701,050 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong, on the terms and subject to the conditions described in this Prospectus, as further described in the section headed “Structure of the Global Offering” in this Prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting — Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 17, 2025 relating to the Hong Kong Public Offering and entered into by our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator and the Hong Kong Underwriters, as further described in the section headed “Underwriting — Hong Kong Public Offering” in this Prospectus
“IFRS”	IFRS Accounting Standards, as issued by the International Accounting Standards Board

---

## DEFINITIONS

---

“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Hong Kong Listing Rules
“International Offer Shares”	the 60,309,450 H Shares being initially offered for subscription and purchased at the Offer Price under the International Offering together, where relevant, with any additional H Shares that may be sold and transferred pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in the section headed “Structure of the Global Offering” in this Prospectus
“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the UN or the Government of Australia
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator and the International Underwriters on or around October 24, 2025, as further described in the section headed “Underwriting — International Offering” in this Prospectus
“Joint Overall Coordinators”, “Joint Global Coordinators”, “Joint Bookrunners”, and “Joint Lead Managers”	the joint overall coordinators, the joint global coordinators, the joint bookrunners, and joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“JPY”	the Japanese Yen, the lawful currency of Japan

---

## DEFINITIONS

---

“Kangling Management”	Shanghai Kangling Enterprise Management Partnership (Limited Partnership)* (上海康令企業管理合夥企業(有限合夥)), a limited partnership incorporated in November 2021 in the PRC and previously known as Qingdao Jiuda Investment Partnership (Limited Partner)* (青島久達投資合夥企業(有限合夥)), being a member of the Single Largest Group of Shareholders
“Kangling Technology”	Shanghai Kangling Technology Partnership (Limited Partnership)* (上海康令科技合夥企業(有限合夥)), a limited partnership incorporated in October 2011 in the PRC and previously known as Shanghai Kangling Investment Consulting Company Limited* (上海康令投資諮詢有限公司), being a member of the Single Largest Group of Shareholders
“Latest Practicable Date”	October 10, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or around Tuesday, October 28, 2025 from which the H Shares are listed and dealings in the H Shares are permitted to take place on the Hong Kong Stock Exchange
“Listing of A Shares”	the listing of our A Shares on the Shanghai Stock Exchange on November 10, 2017
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“MOF” or “Ministry of Finance”	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)

---

## DEFINITIONS

---

“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“Non-public Issuance of A Shares”	the non-public issuance of A Shares by our Company on April 21, 2020, pursuant to which, we issued 24,224,806 new A Shares at an issue price of RMB30.96 per A Share to thirteen subscribers
“NPC”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“OFAC”	the U.S. Department of Treasury’s Office of Foreign Assets Control
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as described in “Structure of the Global Offering”
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, where relevant, with any additional H Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by us to the International Underwriters exercisable by Sole Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) under the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 10,051,500 additional H Shares at the Offer Price, to cover over-allocations in the International Offering, if any, further details of which are described in “Structure of the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行)

---

## DEFINITIONS

---

“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 mainland China
“PRC Government” or “State”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Adviser”	Beijing DeHeng Law Offices, the legal adviser of our Company as to the PRC laws
“Price Determination Agreement”	the agreement to be entered into between our Company and Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or before Friday, October 24, 2025, on which the Offer Price is to be fixed for the purposes of the Global Offering
“Primary Sanctioned Activity”	any activities in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by our Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
“Prospectus”	this Prospectus being issued in connection with the Hong Kong Public Offering
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act

---

## DEFINITIONS

---

“Relevant Jurisdiction”	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this Prospectus, Relevant Jurisdictions include the United States, the European Union, the United Kingdom, the United Nations and Australia
“Relevant Persons”	means our Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the listing, trading clearing and settlement of its shares including the Stock Exchange and related group companies
“Relevant Regions”	Balkans (Serbia), Hong Kong, Iraq and Lebanon
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Sanctioned Person”	certain person(s) and identity(ies) listed on OFAC’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the United States, the European Union, the United Kingdom, the United Nations, or Australia

---

## DEFINITIONS

---

“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Countries; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SDN”	individuals and entities that are listed on the SDN List
“SDN List”	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
“Secondary Sanctionable Activity”	certain activity by our Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though our Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus <i>sutra</i> that Relevant Jurisdiction
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“SFC” or “Securities and Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai

---

## DEFINITIONS

---

“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
“Single Largest Group of Shareholders”	Mr. Gerald G Wong, CIG Cayman, Mr. Zhao Haibo, Ms. Qin Yan (秦燕女士), Kangling Technology and Kangling Management as further detailed in “Relationship with our Single Largest Group of Shareholders”
“Sole Sponsor”	Guotai Junan Capital Limited, a licensed corporation registered under the SFO to carry on Type 6 (advising on corporate finance) regulated activity as defined in the SFO
“Sole Sponsor-Overall Coordinator”	the Sole Sponsor-Overall Coordinator as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Stabilizing Manager”	Guotai Junan Securities (Hong Kong) Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Track Record Period”	the financial years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2025



---

## GLOSSARY OF TECHNICAL TERMS

---

*This glossary contains definitions of certain technical terms used in this Prospectus in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.*

“1.6T”	1.6 Terabits per second
“100G”	100 Gigabits per second
“200G”	200 Gigabits per second
“25G”	25 Gigabits per second
“400G”	400 Gigabits per second
“4G”	fourth generation mobile network
“4T4R”	in telecommunications, 4T4R stands for 4 Transmitters and 4 Receivers, a configuration used in multiple input multiple output systems to enhance wireless communication performance
“50G”	50 Gigabits per second
“5G”	fifth generation mobile network
“800G”	800 Gigabits per second
“AI”	artificial intelligence
“AOI”	automatic optical inspection, i.e., a technology used in electronics manufacturing to visually inspect products for defects using advanced optics, cameras, and image processing software
“AP”	access points
“ATE”	automated test equipment, i.e., computerized machinery that uses test instruments to perform and evaluate functionality, performance, quality, and stress tests on electronic devices and systems
“BOM”	bill of materials

---

## GLOSSARY OF TECHNICAL TERMS

---

“BOSA”	bi-directional optical sub-assembly covering both transmit and receiver, i.e., a process which converts optical signals to electrical signals
“CAGR”	compound annual growth rate
“CPO”	co-packaged optics technology
“CPS”	cyber-physical systems, i.e., integrated systems that combine computational algorithms and physical processes. These systems are tightly interconnected with the internet and their users, enabling real-time monitoring and control of physical processes
“Datacom”	data communications, i.e., the transmission of digital data between computers or devices over a network, typically involving protocols and technologies that support enterprise networking, cloud services, and internet connectivity
“DIP”	dual in-line package, i.e., a type of electronic component package with two parallel rows of pins used for mounting on a printed circuit board
“DSP”	digital signal processing, i.e., the manipulation of signals to improve or modify them using digital techniques
“DVT”	design validation testing, i.e., the process of testing a product to ensure it meets design specifications and requirements
“Enterprise AP”	enterprise-grade access points, i.e., high-performance wireless networking devices designed for use in business environments
“EPON”	ethernet passive optical network, i.e., a telecommunications technology that uses optical fiber to provide internet access
“ERP”	enterprise resource planning
“EVT”	engineering validation testing, i.e., the process of testing prototypes to verify that they meet engineering design requirements

---

## GLOSSARY OF TECHNICAL TERMS

---

FTTB	Fiber to the Building, i.e., a fiber-optic broadband solution where the fiber reaches the boundary of a building, such as a basement or communications room, with the final connection to individual units made via copper or Ethernet cabling
FTTH	Fiber to the Home, i.e., a broadband network architecture in which optical fiber is deployed directly from a central point to individual residences, enabling high-speed internet access with minimal signal degradation
FTTx	Fiber to the x, i.e., a collective term for various fiber-optic broadband architectures (e.g. FTTH, FTTB, FTTC), where “x” denotes the termination point of the fiber, reflecting different deployment strategies and service scopes
“Gb/s”	gigabits per second
“GE”	gigabit ethernet
“GFA”	gross floor area
“GHz”	gigahertz
“GPON”	gigabit passive optical network, i.e., a telecommunications technology that uses optical fiber to deliver high-speed internet access
“GPU”	graphics processing unit
“IC”	integrated circuit
“ICT”	information and communication technology
“IEEE”	Institute of Electrical and Electronics Engineers
“IoT”	internet of things
“ISP Backbone”	core infrastructure of an internet service provider, comprising high-capacity routers and fibre-optic links that interconnect regional networks and provide access to global internet exchanges

---

## GLOSSARY OF TECHNICAL TERMS

---

“IT”	information technology
“ITU-T”	International Telecommunication Union
“JDM”	joint design manufacturing
“km”	kilometer
“LLM”	large language model, i.e., a type of artificial intelligence model designed to understand and generate human language
“LPO”	linear pluggable optics, i.e., optical transceivers used in telecommunications to convert electrical signals into optical signals and vice versa
“LTE”	long term evolution, i.e., a standard for wireless broadband communication for mobile devices and data terminals
“m”	meter
“MDU”	multiple dwelling units
“MES”	manufacturing execution system, i.e., software systems used to monitor and control manufacturing operations
“MHz”	megahertz
“MSO”	multiple system operator, i.e., a company that operates multiple cable television systems
“nm”	nanometer
“ODM”	original design manufacturing
“OLT”	optical line terminal, i.e., a device in a fiber-optic network that connects to the internet and distributes signals to optical network terminals
“ONT”	optical network terminal, i.e., a device that converts optical signals to electrical signals in a fiber-optic network

---

## GLOSSARY OF TECHNICAL TERMS

---

“O-RAN”	open radio access network, i.e., a network architecture that promotes interoperability and standardization in radio access networks
“ORM”	ongoing reliability monitoring, i.e., continuous monitoring of a system’s reliability to ensure it meets performance standards
“ORT”	ongoing reliability testing, i.e., continuous testing of a system to verify its reliability over time
“OSFP”	octal small form factor pluggable, i.e., a type of optical transceiver used in high-speed data communication networks
“OWCD”	optical and wireless connectivity devices
“PCB”	printed circuit board
“PLC”	programmable logic controllers, i.e., industrial digital computers used to control manufacturing processes
“PLM”	product lifecycle management
“PON”	passive optical network, i.e., a telecommunications technology that uses fiber-optic cables to deliver internet services
“QSFP-DD”	quad small form factor pluggable double density, i.e., a type of optical transceiver used in high-speed data communication networks
“RAN”	radio access networks, i.e., the part of a telecommunications system that connects individual devices to the core network
“RFID”	radio frequency identification, i.e., a technology that uses electromagnetic fields to automatically identify and track tags attached to objects
“RGU”	residential gateway unit, i.e., a device that connects home networks to the internet

---

## GLOSSARY OF TECHNICAL TERMS

---

“RMA”	return material authorization, i.e., a process for returning defective products to the manufacturer for repair or replacement
“ROSA”	receiver optical sub-assembly, i.e., a process which converts optical signals to electrical signals
“SC”	subscriber connector, i.e., a type of fiber-optic connector used in telecommunications
“SFF”	small form factor, i.e., a designation for compact electronic devices or components
“SFP”	small form pluggable, i.e., a type of optical transceiver used in telecommunications
“SFU”	single family unit
“Silicon Valley”	a region in Northern California, the United States, known as a global center for high technology and innovation
“SMT”	surface-mount technology, i.e., a method for producing electronic circuits where components are mounted directly onto the surface of PCBs
“SOP”	standard operating procedure
“SPI”	serial peripheral interface, i.e., a communication protocol used for short-distance communication between microcontrollers and peripheral devices
“sq.m.”	square meter
“SSM”	supplier synergism management
“Telecom”	telecommunications, i.e., the broader field encompassing the transmission of voice, data, and video over long distances through wired or wireless means, including services such as mobile, fixed-line, and satellite communications
“TOSA”	transmit optical sub-assembly, i.e., a process which converts electrical signals to optical signals

---

## GLOSSARY OF TECHNICAL TERMS

---

“Wi-Fi”	wireless fidelity
“Wi-Fi 6”	sixth generation of Wi-Fi technology
“Wi-Fi 6E”	an extension of Wi-Fi 6
“Wi-Fi 7”	seventh generation of Wi-Fi technology
“WMS”	warehouse management system
“XGS-PON”	10 Gb/s symmetric pon, i.e., a type of passive optical network that supports symmetrical 10 Gb/s speeds
“X-Ray”	x-radiation
“°C”	degree(s) Celcius

---

## FORWARD-LOOKING STATEMENTS

---

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

This Prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “might”, “ought to”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “wish”, “would” and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in the sections headed “Risk Factors”, “Business”, “Financial Information” and other sections in this Prospectus. You should read thoroughly this Prospectus with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals, and our ability to implement such strategies, plans, objectives, and goals;
- our future business development, financial conditions, and results of operations;
- our ability to develop new solutions and bring them to market in a timely manner and make enhancements to our existing solutions;
- our ability to acquire new customers and gain their trust and loyalty;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments and competitive environment in our industry;

- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in China and internationally;
- our ability to maintain, protect, and enhance our intellectual property;
- margins, overall market trends, risk management, and exchange rates;
- the actions and developments of our competitors;
- capital market development;
- other statements in this Prospectus that are not historical fact; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this Prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Hong Kong Listing Rules, we undertake no

---

## RISK FACTORS

---

*You should carefully consider all the information in this Prospectus and, in particular, the risks and uncertainties described below before making an investment in our H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading 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 BUSINESS AND INDUSTRY

**We are engaged in a competitive industry, in which our operational and financial performance, financial condition, and future prospects may be affected changes in such competitive environment.**

According to F&S, the industry in which we operate, i.e., the global integrated optical and wireless connectivity devices industry, is relatively competitive. For 2024, the total market size of this market reached USD12.4 billion, with the top five industry players occupying 30.4% of the market share in terms of sales revenue. Competition in this market may intensify as our competitors that possess longer operational histories and more substantial financial, technical, sales, marketing, and other resources may enhance their offerings to increase the market share. We may also face competition from emerging companies entering our existing or new markets. Such competitive pressures could lead to a drop in the market demand for our products, thus negatively impacting our revenue generation and results of operations. Furthermore, our competitors may replicate our business model, products, or any other aspects that have led to our current level of success, thus potentially eroding the competitive advantages that distinguish us in the market. Therefore, failing to compete successfully against both existing and new competitors could materially and adversely affect our business, results of operations, and financial condition.

Moreover, the market demand for our products is often cyclical and characterized by constant and rapid technological change, price erosion, evolving standards and wide fluctuations in product supply and demand. Our products may face downturns that are often connected with, or in anticipation of, the maturation of product cycles. These downturns could result in diminished product demand, production overcapacity, high inventory levels and accelerated erosion of such products' selling prices. Such changes in the market demand for, or cyclical changes in any of the markets utilizing, our products may materially and adversely affect our performance and profitability, and we may not be able to accurately predict these fluctuations and the impact that these fluctuations may have on our results of operations.

---

## RISK FACTORS

---

Our Company operates in fast-evolving sectors including broadband, wireless, and photonics, where technological upgrades and standardisation cycles are critical to product relevance and market competitiveness. As industry transitions accelerate from 10G to 25G/50G PON in broadband, Wi-Fi 6/6E to Wi-Fi 7 in wireless, and 800G to 1.6T/3.2T in photonics, there are inherent risks associated with integrating new technologies into our product portfolio.

Product integration risks may arise from delays in ecosystem readiness, evolving industry standards (e.g., ITU-T G.9804 for PON, or IEEE 802.11be for Wi-Fi 7), and extended qualification cycles for next-generation photonics. These factors may impact our ability to timely develop, test, and commercialise new products aligned with market expectations. In particular, premature investment in technologies that are not yet widely adopted or standardised may result in underutilized R&D resources or inventory obsolescence.

Moreover, as our customers increasingly demand end-to-end solutions that incorporate multiple advanced technologies, any misalignment in product interoperability, performance benchmarks, or certification requirements could adversely affect customer satisfaction and order fulfilment. For example, in relation to photonics products, the integration of 1.6T and future 3.2T modules into AI data centre infrastructure requires rigorous validation and long lead times.

Failure to manage these product integration risks effectively could result in delayed market entry, reduced competitiveness, and potential loss of revenue opportunities during key upgrade cycles and business development cycles. There can be no assurance that all integration challenges will be resolved in a timely or cost-effective manner.

### **We may be exposed to liquidity risk due to a long cash conversion cycle.**

We had recorded relatively long inventory turnover days and trade and bills receivable turnover days, which may lead to delays in converting our revenue into cash. Our cash conversion cycle, a metric to measure how efficiently we manage its working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 157 days, 208 days, 188 days, and 172 days for 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting trade and bills payables turnover days. The improvement in 2024 and the six months ended June 30, 2025 was primarily attributable to our continued focus on enhancing cash flow efficiency through strengthened supply chain coordination, more effective inventory management. However, there can be no assurance that similar performance can be sustained in future periods, particularly in light of potential fluctuations in customer payment patterns, supply chain volatility, and broader macroeconomic conditions. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

---

## RISK FACTORS

---

### **Our continuous success will rely on our R&D efforts.**

In order to stay competitive, we will need constant innovation to ensure the timely introduction of new and improved products. However, the development of technologically advanced products is a complex and uncertain process that requires frequent innovation, highly skilled personnel, an accurate anticipation of technological and market trends, as well as significant capital. Our R&D expenses represented 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue for 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively. Additionally, our cumulative R&D investments during the Track Record Period exceeded RMB1.4 billion. As of June 30, 2025, our R&D teams comprised 673 employees, including 55 overseas R&D personnel. This allocation of resources to R&D highlights the critical role it plays in our strategic objectives. However, the failure of key R&D projects could result in wasted resources and missed opportunities, ultimately impacting our financial performance. Moreover, product development delays may occur from time to time, which are attributable to numerous factors such as (i) changing product specifications and customer requirements; (ii) unanticipated engineering complexities; (iii) difficulties in hiring and retaining necessary technical personnel; (iv) difficulties in reallocating engineering resources and overcoming resource limitations; or (v) rapidly changing technology or the release of competing products. Nevertheless, without constant investment in R&D to support the much needed innovation, our products may eventually become technologically obsolete.

There can be no assurance that we will be able to identify, develop, manufacture, market, or support new or enhanced products successfully or on a timely basis, or to acquire and/or develop the underlying technologies necessary to create such new or enhanced products. If we are unable to make our new or enhanced products commercially available on a timely basis, we may lose existing and potential customers and our financial results could be materially and adversely affected. The introduction of new products by other companies embodying new technologies, or the emergence of new industry standards, could also render our existing products uncompetitive from a pricing standpoint, obsolete, or otherwise unmarketable, resulting in a write-down in the value of our inventory.

### **We may face risks associated with our operations overseas and in China.**

As a company operated overseas and in China, a significant portion of our operations and revenue is derived from international markets, including markets in the United States, Europe, and the Asia-Pacific. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our revenue generated from overseas markets represented 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively. Conducting our business internationally, particularly when we expand to other emerging markets in which we have limited prior experience, subjects us to certain risks and challenges, including:

- major geopolitical events, such as changes in relations between certain countries, global or regional pandemics, war, terrorism, and other force majeure events;

---

## RISK FACTORS

---

- compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, transportation, logistics, tariffs, trade protection, and other activities important to our business;
- exposure to business cultures where improper business practices may be prevalent;
- difficulties in managing, growing, and staffing our international operations;
- challenges in cultivating and maintaining productive relationships with local business partners;
- impact of import and export restrictions, such as tariffs that may be imposed in relation to our products, and changes in trade regulations;
- risks associated with legal systems subject to undue influence or corruption;
- vulnerability to changes in local political, social, or economic conditions; and
- operational challenges due to distance, language, and cultural differences.

Our ability to maintain and expand our presence in international markets will be critical to the success of our business. However, there is no guarantee of this, and any of the aforementioned risks could pose significant challenges for us. If we are unable to manage one or more of these risks adequately, our results of operations and financial condition may be materially and adversely affected.

### **Our results of operations are exposed to risks in relation to escalating trade tensions.**

Our Group's operations can be influenced by developments in international trade policy, particularly the evolving dynamics between China and the United States. Heightened tensions in the Sino-U.S. trade relationship, manifested through tariffs and other trade barriers, pose risks to the cost and availability of raw materials, components, and finished goods that are either sourced from or destined for these key markets. These trade measures may also give rise to second-order effects, including retaliatory actions, shifts in global supply chains, and increased regulatory compliance requirements. Such developments could disrupt our procurement strategies and dampen customer demand, potentially resulting in elevated operational costs, production or delivery delays, and diminished competitiveness in critical markets. Moreover, our suppliers and customers may themselves be directly affected by these trade-related disruptions. Their ability to fulfill contractual obligations or sustain demand for our products and services could be compromised, thereby adversely impacting our supply chain stability and customer base. Any material deterioration in these areas may, in turn, negatively affect our Group's financial condition and operating results.

Our exposure to international markets further amplifies these risks. For 2022, 2023, and 2024, and the six months ended June 30, 2025, revenue generated from overseas markets accounted for approximately 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively. This underscores our reliance on global trade and our heightened vulnerability to geopolitical and policy-related developments. From a cost perspective, during the Track Record Period, our cost of sales represented 81.8%, 78.5%, 79.1%, and 78.1% of total revenue. Among which, 84.8%, 85.1%, 85.7%, and 84.3% were attributable to the procurement of raw materials essential to our production processes. Given that these materials are primarily sourced through international trade, fluctuations in their pricing, driven by tariffs, trade tensions, or supply chain disruptions, would have a direct impact on our profitability and overall business performance and there is no assurance that any of our mitigation strategies or measures will fully offset the adverse effects of evolving global trade dynamics.

**Our results of operations can be affected by ever-changing tariff rules, regulations, and/or policies.**

In early 2025, the United States issued a series of EO that reshaped the tariff regime for imports from various jurisdictions. These included significant tariffs on products originating from the PRC, and the repeal of the De Minimis Exemption for PRC-origin goods under USD800 (effective May 2, 2025). According to our adviser as to U.S. tariffs laws and

applications, as of the Latest Practicable Date, for products originating from the PRC and shipped to the United States, the applicable tariffs may include: (i) a tariff of 30% comprising

Acc35464

(ii) HTSUS 279.85 (and) HTSUS 851 (tariff) or (iii) any

---

## RISK FACTORS

---

However, potential impacts remain. U.S. tariff scope and magnitude are still uncertain as the government continues trade negotiations despite court rulings on some tariff executive orders; and our Company's business is tied to the ICT industry, so macroeconomic or geopolitical fluctuations affecting the market may in turn impact demand for its products, necessitating ongoing monitoring by our Group.

**The success of our customers is essential to our business. Should they underperform, our business, growth and prospects may be adversely affected.**

Our business model primarily serves joint design manufacturing (“JDM”) and original design manufacturing (“ODM”) customers, who may provide specific needs and requirements throughout the design and manufacturing process. During the Track Record Period, revenue generated from JDM customers represented 57.8%, 53.1%, 53.4%, and 45.9% of our total revenue, and revenue generated from our ODM customers represented 42.2%, 46.9%, 46.6%, and 54.1% of our total revenue, respectively. For further details of our business model, please refer to the section headed “Business — Our business model” in this Prospectus. The sales performance of our products depends on their business success and the marketability of the products we design and manufacture for them. Factors beyond our control, such as changing market demand, adjustments in our customers' business plans, economic conditions, exchange rate fluctuations, weak consumer demand, and unsuccessful sales and marketing efforts by our customers, can negatively impact their purchases from us. Our future growth depends on maintaining our market position, retaining customers, and expanding our customer base. We cannot guarantee that our products will meet the evolving needs of end-users, nor can we guarantee that our customers can accurately predict the market demand or direction in order to provide us with the product specifications that will allow them to succeed in the market. If our customers cannot successfully sell the products we manufacture, or if they make significant changes to their business plans regarding our products, our business and results of operations may be materially and adversely affected.

**Our success may depend on maintaining long term relationships with our major customers.**

For 2022, 2023, and 2024, and the six months ended June 30, 2025, revenue from our five largest customers in each year/period of the Track Record Period represented 63.5%, 68.8%, 74.9%, and 82.5% of our total revenue, and revenue from our largest customer represented 33.6%, 36.1%, 41.8%, and 41.7% of our total revenue, respectively. According to F&S, this is common in the industry. For further details, please refer to the section headed “Business — Customers, sales, and competition — Our major customers” in this Prospectus. Our major customers' stable relationship with us and consistent demands from them for our products are crucial to our business. Their business conditions, liquidity, and solvency may have a significant impact on our business performance. Any disruption in our business relationship with major customers could have a material and adverse effect on our business, financial condition and results of operations. In the event that the existing major customers reduce or

cease to purchase our products and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or at all, our business and profitability may be materially and adversely affected.

**Our manufacturing capability, through both our co-location manufacturing partners and our in-house facilities, is essential to our business.**

We believe in the importance in designing, developing, and manufacturing quality products to the satisfaction of our customers, and we believe in the importance maintain efficient manufacturing, and to expand our production capacity as needed. As of the Latest Practicable Date, our manufacturing layout comprised our in-house facilities in China and six co-location manufacturing partners in China, Malaysia, Europe, and the United States. During the Track Record Period, revenue generated from the sale of products manufactured at our in-house facilities represented 54.2%, 39.7%, 37.5%, and 34.8% of our total revenue, and revenue generated from the sale of products manufactured at our co-location manufacturing facilities represented 45.8%, 60.3%, 62.5%, and 65.2% of our total revenue, respectively. Moreover, during the same years, the utilization rates of our in-house facility in Shanghai were 88.7%, 91.0%, 83.9%, and 85.5% of the utilization rates of our co-location manufacturing facilities ranged from 87.7% to 90.1%, from 83.0% to 88.9%, from 2.9% to 89.5%, and from 16.7% to 90.9%, respectively. For details on our production capacity, production volume, and utilization, please refer to the section headed “Business — Manufacturing” in this Prospectus. The level of utilization regarding our co-location partners and our in-house facilities primarily depends on the demand for our products and the availability and maintenance of our equipment, but this may also be affected by factors such as employee availability, stable electricity supply, seasonal influences, and changes in environmental laws and regulations. If our manufacturing facilities, or those of our co-location partners, cannot maintain their operational efficiency, we may fail to fulfill purchase orders on time, which may result in a material and adverse effect on our reputation, business, and operations. In the future, as our business grows, we may need to further increase our production capacity, possibly through expanding to more production lines, co-location partners and/or new equipment. If we cannot manage such expansion effectively, resulting in increasing production costs or acquiring the needed machinery at unfavorable terms, our growth strategies may be materially and adversely affected.

Furthermore, the success of our co-location manufacturing model depends on the

---

## RISK FACTORS

---

Our in-house manufacturing operations are also subject to the relevant workplace safety laws of the PRC, and we aim to provide a safe and accident-free environment for our workforce. We implement and require compliance with safety measures and procedures as stipulated in our internal policies. However, there is no assurance that these safety measures and procedures will be strictly followed by our employees or the employees of our co-location partners. Given the complexity of our manufacturing process and the operation of tools, equipment, and machinery, accidents resulting in employee injuries may occur. Such accidents could disrupt our operations and expose us to liabilities. We may not have adequate insurance to cover these liabilities, which may materially and adversely affect our business, results of operations, and financial condition.

**An inability to manage our growth effectively may have an adverse impact on our business, future prospects, and financial condition.**

Since our inception, our results of operations had gone through various degrees of growth and decline, thus, our previous results may not be indicative of any future success. For instance, during the Track Record Period, our revenue declined from RMB3,783.7 million in 2022 to RMB3,085.4 million in 2023, and then recovered to RMB3,649.9 million in 2024. Moreover, for the six months ended June 30, 2024 and 2025, our revenue had grown from RMB1,761.4 million to RMB2,034.0 million. Our business growth and expansion efforts will depend on a multitude of elements, some of which are outside our sphere of influence. Such elements include, but are not limited to, our ability to (i) adjust our business model and operations to adapt to any changes in customer preferences; (ii) maintain and, even expand, our current customer base; (iii) manage our supply chain to support our business growth; (iv) manage a larger organization with a greater number of employees in different divisions, across multiple time zones and countries; (v) control expenses and investments in anticipation of expanded operations; (vi) improve on our R&D and manufacturing capabilities; (vii) procure funding with agreeable terms; and (viii) address new markets and potentially unforeseen challenges as they arise. The trajectory of our future business may also be swayed by external contingencies such as the global political and economic climate, shifting trade relations and tariffs imposed, governmental directives and regulations, as well as the prevailing interest and exchange rates. In addition, we may look to acquire certain businesses, assets, and technologies, or undertake similar investments as a part of our overall growth strategy. Potential target companies may be subject to domestic and foreign regulatory regimes with which we have insufficient experience, and such companies may be subject to further risks which we may be unable to evaluate at the time we acquire them. Such acquisition risks include (i) the diversion of our management's attention from our existing business; (ii) a failure to ascertain the right value of a target; (iii) unknown or inadequately quantified actuarial liabilities; (iv) the deterioration of book quality of an acquired business; (v) the failure to retain key acquired personnel, suppliers, distributors or customers; and (vi) an inability to leverage synergies. Additionally, there is no assurance that we will be able to successfully implement these initiatives within their expected time frames or at all.

---

## RISK FACTORS

---

All of the above factors affecting our growth could place significant strain on our managerial, operational and financial resources. For such reasons, our growth will depend on our ability to continue to implement and improve on our operational, financial, and management know-how, and adapt to changes in market conditions. If we are unable to do so, we may fail to execute our business strategy to achieve further growth, and as a consequence, our business success, financial condition and future prospects may be materially and adversely affected.

**Our business depends on a number of key personnel, including our senior management, and the loss of, or our inability to attract or retain, such persons could materially and adversely affect our business, future prospects, and financial condition.**

Our business depends substantially on the continuing efforts of our Directors, senior management, and other key personnel for setting our strategic business direction and managing our business. For the biographical information of our Directors, and senior management, please refer to the section headed “Directors and Senior Management” in this Prospectus. Our ability to set strategic directions for continued success and future business challenges depends on the uninterrupted service of our experienced senior management and on our ability to attract, recruit, and retain experienced, talented, and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry can be intense and we may face challenges in attracting, retaining and motivating highly skilled, qualified and experienced personnel in these fields. Even if we are successful in recruiting and retaining such personnel, competition for such employees may significantly increase our compensation costs, which could impact our profitability. In the event of the loss of services of our Directors, senior management or other key personnel, or if we are unable to recruit or train a sufficient number of experienced personnel or to manage the attrition levels in different employee categories, our business performance and future prospects may be materially and adversely affected.

**Our operations may be materially and adversely affected if our suppliers fail to deliver raw materials as required in terms of time, cost, quality, or quantity.**

We may encounter raw material shortages resulting from delay in delivery, unsatisfactory quality, or production disruption of our suppliers. If our suppliers are unable to supply these raw materials on time, or at all, it may be difficult to procure alternative supplies in a timely manner. During the Track Record Period, the cost of procuring raw materials necessary for production represented 84.8%, 85.1%, 85.7%, and 84.3% of our total cost of sales, respectively. Any disruption in the supply of raw materials could temporarily interrupt our production or result in more significant cost burdens unless we are able to establish alternative supplies or to source sufficient quantities of the relevant raw materials from other existing suppliers at favorable prices.

---

## RISK FACTORS

---

With our business expansion, we may from time to time significantly increase our production, and order additional raw materials from our suppliers within a relatively short time frame. Our suppliers may fail to satisfy our needs, and even if they could, they may not be able to provide such raw materials in a timely manner or at favorable prices. For further information, please refer to the section headed “Business — Suppliers, procurement, and inventory — Inventory management” in this Prospectus. If we cannot secure a qualified substitute supplier in a timely manner, or at all, we may experience significant disruption in the supply of essential raw materials of our products and material delay in the delivery of our products, which may materially and adversely impact our business and results of operations. In addition, we regularly negotiate with existing suppliers to obtain discounts and avoid adverse changes in commercial terms and seek new suppliers for certain components with lower costs. Our results of operations may be materially and adversely affected if we are unsuccessful in controlling and reducing supplier costs, in particular in the process of upgrading our existing products and introducing new products.

**Developments in the labor market, increases in labor costs, or any possible labor unrest may materially and adversely affect our business and results of operations.**

As of June 30, 2025, our Group comprised 1,281 employees. We foresee that our workforce may expand further as we continue to grow our business. Please refer to the section headed “Business — Employees” in this Prospectus for more details. Whilst we have implemented policies and measures to protect the welfare and working conditions of our workforce, we cannot guarantee the absence of labor-related issues such as collective bargaining, workplace relations disputes, strikes, or challenges in attracting and retaining qualified workers. Such issues could result in work stoppages or labor shortages, significantly impacting our ability to meet customer demands and fulfill orders on time. Moreover, resolving labor disputes, hiring temporary workers, or implementing contingency plans to mitigate the effects of labor shortages could incur additional costs. These expenses, along with potential revenue losses from delayed deliveries, may materially and adversely affect our profitability and overall results of operations. During the Track Record Period, staff costs represented (i) 2.1%, 1.9%, 2.0%, and 3.3% of our cost of sales; (ii) 53.5%, 51.5%, 51.4%, and 52.6% of our R&D expenses; (iii) 73.2%, 73.3%, 69.9%, and 67.5% of our selling and marketing expenses; and (iv) 37.0%, 34.8%, 40.9%, and 42.3% of our general and administrative expenses, respectively. Furthermore, our operations depend on a substantial number of employees. Any failure to maintain a stable and dedicated workforce could lead to severe disruptions. To ensure workforce stability, we might need to offer more attractive salary packages to remain competitive and retain our current pool of talent. Labor costs could also rise due to regulatory measures if more countries adopt stringent minimum wage laws. A significant rise in our labor costs as a result of the aforementioned reasons materially and adversely impact our margins and profitability. Unless we can implement other appropriate means to reduce production costs, our profit margin may decrease, thus materially and adversely affecting our business, financial condition, and results of operations.

---

## RISK FACTORS

---

As a company operated overseas and in China, we have employees operating in multiple countries including China, the United States, and Japan, and we are bound by all the local employment laws and regulations that are applicable to our hiring and employment practices. Failure of such regulations may result in fines and/or significant rectification costs. In particular, regarding our employees in China, we are required under PRC law to participate in various employee benefit plans, including social insurance fund 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. During the Track Record Period, we had engaged third-party agencies to pay social insurance or housing provident fund contributions to about 132, 33, 7, and nil employees on our behalf, respectively. As of the Latest Practicable Date, any non-compliance related to the payment of social insurance and housing provident fund contributions via third parties had been fully rectified. Pursuant to the Interpretation II of the Supreme People's Court of 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)》) enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court. In light of (i) the absence of prior agreements excluding social insurance payments, or major complaints, reports, or labor disputes related to social insurance against our Group during the Track Record Period and up to the Latest Practicable Date; and (ii) our PRC Legal Adviser's opinion that the aforementioned judicial interpretation does not expand our Company's penalty exposure or repeal the social insurance laws and regulations currently in force of the PRC, our Directors believe the aforementioned judicial interpretation would not have a material adverse effect on our business or financial results. However, while our PRC Legal Adviser believes that, under the assumptions that no material changes to prevailing policies, regulations and the local government enforcement requirements, and absence of material complaints from employees, the risk of additional contributions, late payment fees, or material administrative penalties by regulatory authorities, is remote and unlikely to have a material and adverse effect on our Company, we cannot guarantee that government authorities will share this view. We may also be subject to labor disputes arising from such arrangements with the relevant employees.

### **Product defects may adversely affect our business and reputation.**

Our manufacturing processes are required to meet certain quality standards, and we are subject to various laws and regulations in the jurisdictions where our products are sold. Whilst we have implemented and maintained a quality control system and perform various inspections throughout our manufacturing process, we cannot guarantee that our quality control system will remain effective and compliant with relevant laws, regulations, and standards. Any significant failure or deterioration of our quality control system could seriously damage our product quality, negatively impact our reputation, and lead to reduced orders or loss of customers, thereby harming our business, financial condition, and results of operations. We

---

## RISK FACTORS

---

also cannot assure you that all products produced by us, or by our co-location partners, are free of any defects. Quality defects may fail to be detected or remediated as a result of a number of factors, many of which are outside of our control, including:

- manufacturing errors;
- technical or mechanical malfunctions in the manufacturing process;
- human error or malfeasance by our quality control personnel;
- tampering by third parties; and/or
- quality issues with the raw materials we produce or purchase.

A failure to detect quality defects in our products or to prevent such defective products from being delivered to our customers, even due to factors beyond our scope of control, could result in product recalls or withdrawals, license revocation or regulatory fines, product liabilities or other problems that could seriously harm our reputation and business. Product liability claims, even unsuccessful, would likely be time-consuming and costly to defend, which could divert significant resources and management attention, and thus materially and adversely affect our revenue and profitability.

**Any change or discontinuation of preferential tax treatment we currently enjoy would increase our tax charge.**

During the Track Record Period, our Company was recognized as a “High and New Technology Enterprise” and the recognition remained effective as of the Latest Practicable Date, and thus our Company was entitled to a preferential corporate income tax rate of 15% in the PRC for three years commencing from November 15, 2023. During the Track Record Period, we had an income tax expense of RMB7.4 million and RMB1.6 million in 2022 and the six months ended June 30, 2025 and income tax credit of RMB1.1 million and RMB3.6 million in 2023 and 2024, respectively. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be cancelled. Moreover, we cannot assure you that our Company will continue to be accredited as a “High and New Technology Enterprise” upon expiration of the relevant certificate. If any such change, cancellation or discontinuation of preferential tax treatment occurs, our Company will be subject to corporate income tax at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

---

## RISK FACTORS

---

**If we fail to effectively manage our inventory, our financial results may be materially and adversely affected.**

Our inventories are mostly finished goods, semi-finished goods, and raw materials for production and sales. We had inventories of RMB1,729.5 million, RMB1,573.5 million, RMB1,685.5 million, and RMB1,978.3 million, as of December 31, 2022, 2023, and 2024, and June 30, 2025, respectively. Our average inventory turnover days were 171, 246, 203, and 207 days, in the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively. As the markets of our products are competitive and subject to rapid technological advances and frequent price fluctuations, we are required to manage our inventories efficiently. If we were unsuccessful in accurately quantifying appropriate levels of inventory, our business, financial condition, results of operation and prospects may be materially and adversely affected. We rely on demand forecasts to decide on purchases of long-lead-time raw materials and manage production and inventory. However, market demand can change significantly due to general market conditions, new product launches, pricing, and discounts, which are not always within our control. Developing and marketing new products may hinder stable supplier relationships and accurate demand forecasting. Acquiring certain raw materials may require significant lead time and prepayment, and they may be non-returnable. Expanding our portfolio of products will further complicate inventory and logistics management. We cannot ensure that all inventory will be sold promptly, risking increased storage costs, obsolescence, a decline in value, and significant write-offs, thus materially and adversely impacting our results of operations and financial condition.

**Price volatility in our raw materials may affect our profitability.**

Our business operations are significantly exposed to fluctuations in the cost of raw materials, which constitute a substantial portion of our total cost of sales. For 2022, 2023, and 2024, and the six months ended June 30, 2025, raw material costs accounted for approximately 84.8%, 85.1%, 85.7%, and 84.3% of our total cost of sales, respectively. This high dependency renders our profitability sensitive to changes in raw material pricing, which may arise from factors beyond our control, including global supply chain disruptions, inflationary pressures, geopolitical tensions, and shifts in commodity markets. Volatility in raw material prices may adversely affect our gross profit and gross margin, particularly if we are unable to pass increased costs onto customers in a timely or effective manner. Additionally, any deterioration in the availability or quality of critical raw materials could disrupt our production schedules and impair our ability to meet customer demand. Regardless of any mitigation measures that may be put in place, there can be no assurance that our mitigation strategies will fully offset the impact of raw material price volatility. Any sustained increase in procurement costs or supply instability could materially and adversely affect our financial condition, operational performance, and competitive position.

---

## RISK FACTORS

---

**We may from time to time be subject to claims, disputes, lawsuits, and other legal and administrative proceedings.**

From time to time, we are or may be a party to various litigation claims, legal or arbitral proceedings, government, and regulatory inquiries, and/or proceedings, including, but not limited to, intellectual property, fraud, unfair business practices, product liability, employee-related claims, breach of contract claims and securities actions. Additionally, alleged non-compliance and breaches of laws and regulations may also lead to litigation, legal proceedings, government, and regulatory inquiries and/or proceedings. We may also initiate legal proceedings against former employees who engage in fraudulent activities, and our customers for any owed payments. For instance, a civil lawsuit was filed which involved Mr. Gerald G Wong concerning a contractual dispute. In December 2024, the Shanghai Financial Court issued a first-instance judgment ordering Mr. Wong to pay approximately RMB25.2 million, which he has appealed on the grounds of legal and factual errors. The appeal is currently under review, and the initial judgment has not taken legal effect. Our Directors confirm that none of the companies within our Group is a party in this lawsuit. Moreover, CIG USA is defending a patent infringement lawsuit in the United States District Court for the Northern District of California, with trial initially scheduled for June 2026. CIG USA had initiated inter partes review proceedings in January 2025 in relation to five of the eight patents. The court will reschedule the proceedings only after rulings have been issued on all of these inter partes review proceedings. Both proceedings are ongoing, and no provision for contingent liability has been made in either case. For details, please refer to the section headed “Business — Legal proceedings and compliance” in this Prospectus. Any negative publicity arising from such proceedings, claims, litigation or disputes, regardless of the accuracy of such negative publicity, could damage our reputation and brand.

Defending these proceedings and/or addressing such negative publicity can be time-consuming and result in significant ongoing expenditures and the diversion of our management’s time and attention from the day-to-day operation of our business, which could have a negative impact on our business operations. Due to the inherent uncertainty of the litigation process, there is no guarantee that we will succeed in defending ourselves against such claims or proceedings, or that the management’s assessment of the materiality of these matters, including the accounting provisions made in connection therewith, will be consistent with the ultimate outcome of such claims or proceedings. Unfavorable outcomes or developments relating to any proceedings, such as judgments for monetary damages, penalty fees, injunctions, product recalls or denial or revocation of licenses or permits, could have a material adverse effect on our business, prospects, and financial condition. Our failure to successfully defend or settle any litigation, legal or arbitral proceedings or to assess accurately the materiality of a claim could result in liabilities that, to the extent not covered or only partially covered by our insurance, could have a material and adverse effect on our business, financial condition, and prospects.

**We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.**

Our success depends, in part, upon our intellectual property, products and operations not infringing, misappropriating or violating the intellectual property rights owned by others. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties, or that our actions, unintended or not, may breach the licensing agreements that we had entered in relation to certain intellectual property rights. We may from time to time be, subject to legal proceedings and claims in various jurisdictions where we operate and where our products are sold relating to the intellectual property rights of others. There could also be existing patents of which we are not aware that other aspects of our business may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology or business, if any such holders exist, would not seek to enforce such patents against us. Further, the application and interpretation of patent laws and the procedures and standards for granting patents in the countries and regions where we operate may keep evolving, and we cannot assure you that relevant courts or regulatory authorities would agree with our analysis.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Any intellectual property-related dispute or litigation, regardless of its outcome or merit, could result in substantial costs and expenses, adverse publicity or diversion of management resources, any of which could materially and adversely affect our business, financial conditions and results of operations.

**We may not be able to prevent others from unauthorized use of our intellectual properties, which could harm our business and competitive position.**

Our trade secrets, trademarks, patents, software copyrights, and other intellectual property rights are essential to our success. Unauthorized use by third parties may materially and adversely impact our revenues and reputation. To safeguard our intellectual property, we rely on trademark and patent law, unfair competition laws, and contractual rights, including

---

## RISK FACTORS

---

process. Failure to register these properties could prevent us from stopping others from using them, significantly affecting our business, financial condition, and operational results. Policing unauthorized use of proprietary technology is challenging and expensive. Despite our efforts, third parties may attempt to copy or misuse our intellectual property or seek court declarations of non-infringement. Monitoring unauthorized use is difficult and costly, and we cannot ensure our measures will prevent misappropriation. We may need to resort to litigation to enforce our rights, incurring substantial costs and resource diversion.

Consequently, we might lose vital competitive advantages derived from our intellectual property. Significant impairments to our intellectual property rights could have a materially adverse effect on our business. Events beyond our control may also threaten our intellectual property rights and brand. Effective protection of our trademarks, patents, software copyrights, domain names, and other intellectual property rights is costly and complex.

Additionally, issued patents may not provide meaningful protection or competitive advantages. Patent claims might not be broad enough to prevent others from developing similar technologies. Others' intellectual property rights could prevent us from licensing and exploiting our patents. Numerous patents and pending applications in our field could have priority over ours, potentially invalidating our applications. Our patents may expire without extension and may be contested, circumvented, invalidated, or limited in scope, reducing their effectiveness.

### **Failure to obtain, renew, or retain licenses, permits or approvals may affect our business.**

We are required to obtain certain approvals, licenses, and permits from various government authorities in the jurisdictions in which we operate. In addition to such licensing requirements, our business must comply with various laws and regulations in such jurisdictions as well. Such regulatory frameworks are subject to change, which may lead to new laws, regulations, and requirements, while existing ones may be reinterpreted or modified. Consequently, we may need to obtain additional approvals, licenses, permits, and certifications for our ongoing operations or any new business ventures. However, we cannot guarantee that we will always successfully secure all the necessary approvals, licenses, and permits, as regulatory bodies may interpret the laws and regulations differently, nor can we guarantee that government authorities will consistently act in our favor using their discretionary powers. Therefore, any failure to obtain, renew or retain such licenses, permits or approvals may materially and adversely affect our business operations and financial condition. For further information of such licenses, permits or approvals, please refer to the section headed "Regulatory Overview" in this Prospectus.

### **Some of our leased properties did not complete the necessary government filing and registration.**

As of the Latest Practicable Date, two out of our five leased properties in China, with an aggregate gross floor area of approximately 1,087.69 sq.m. had not been registered or filed with the relevant land and real estate administration bureaus in the PRC. As advised by our

---

## RISK FACTORS

---

PRC Legal Adviser, while the lack of registration will not affect the validity of the lease agreements, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. To this end, the maximum penalty that may be imposed onto us for such non-compliance during the Track Record Period would be up to RMB20,000. We cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

**We may not continue to receive government subsidies at historical levels or at all, which could adversely affect our financial performance.**

Our Group has historically received government subsidies, most of which are one-off in nature and not subject to specific performance conditions. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our government subsidies received amounted to RMB16.6 million, RMB10.1 million, RMB31.0 million, and RMB9.6 million, respectively. While these subsidies have contributed positively to our financial results in certain periods, they are not guaranteed and are granted at the discretion of relevant government authorities. There is no assurance that similar subsidies will be available to us in the future, either in amount or frequency. As such, we cannot rely on these subsidies as a recurring source of income. Any reduction, delay, or discontinuation of such government support could adversely affect our profitability and financial condition, particularly in periods where such subsidies have constituted a material portion of our other income.

**We are subject to anti-corruption and anti-bribery and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.**

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. Whilst we have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents and business partners with laws and regulations, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe

---

## RISK FACTORS

---

operations. If any of our employees, or those of our co-location partners, is suspected of having contracted a contagious disease, such operations may be required to follow strict quarantine measures, or even half production. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations, thus materially and adversely affecting our financial condition and results of operations.

**We are exposed to interest rate risks from floating rate bank borrowings.**

We are exposed to interest rate risk arising from our floating rate bank borrowings, which may adversely affect our financial performance and cash flow. As of December 31, 2022, 2023, and 2024, and June 30, 2025, our borrowings were primarily subject to variable interest rates, exposing us to cash flow volatility in the event of interest rate fluctuations. A general increase or decrease of 100 basis points in market interest rates would have resulted in a corresponding decrease or increase in our profit for the respective years by approximately RMB561,000, RMB582,000, and RMB1,784,000, and RMB3,137,000 during the Track Record Period.

This sensitivity to interest rate movements reflects our reliance on floating rate debt as a financing strategy. While this approach may offer cost advantages during periods of low interest rates, it also increases our exposure to rising borrowing costs in a tightening monetary environment. Given the current global macroeconomic conditions and the potential for further rate hikes by central banks, our interest expense could increase materially, thereby reducing our net income and limiting our financial flexibility.

Although we maintain interest-bearing bank deposits, these are not expected to significantly offset the impact of rising interest rates due to their relatively stable yield profile. We currently do not employ interest rate hedging instruments, and any future adoption of such strategies may not fully mitigate the risk or could introduce additional costs and complexities. Accordingly, fluctuations in interest rates could materially and adversely affect our financial condition, results of operations, and ability to service our debt obligations

**If we upgrade our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting accelerated depreciation could negatively affect our financial results.**

We have invested, and expect to continue to invest, significantly in manufacturing equipment, and we depreciate the cost of such equipment over their expected useful lives. During the Track Record Period, our capital expenditures were used for property, plant and equipment, which amounted to RMB34.9 million, RMB52.2 million, RMB259.5 million, and RMB361.7 million, respectively. We funded these expenditures mainly with cash generated from our business operations. However, manufacturing technology may evolve rapidly, and we may decide to update our manufacturing process with advanced equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we may be able to manufacture our products using less of our installed equipment. The useful

---

## RISK FACTORS

---

life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be materially and adversely impacted.

**Our cashflow may deteriorate due to the mismatch in time between receipt of payments from our customers and payments to our suppliers.**

Our financial stability is closely tied to the creditworthiness of our customers, and our liquidity hinges on their timely remittance. As of December 31, 2022, 2023, and 2024, and June 30, 2025, the turnover days of our trade and bills payables were 158, 197, 131, and 160 days, and the turnover days of our trade and bills receivables were 144, 159, 116, and 125 days, respectively. Consequently, the interval between the receipt of customer payments and the settlement of supplier invoices can lead to potential cash flow discrepancies. We cannot guarantee the complete avoidance of significant cash flow imbalances in the future. Moreover, the effectiveness of our cash flow management strategies is not infallible. Inadequate cash flow management and insufficient working capital may expose us to credit risks that could significantly impact our financial health, operational results, and cash flow. Additionally, our operations are vulnerable to the risk of delayed or unfulfilled contractual commitments by our customers, as the collection of such payments is not guaranteed. Should we encounter substantial difficulties in debt recovery or defaults by our clients, it could have a material and adverse effect on our financial condition, results of operations, and cash flow sustainability.

**We are exposed to risks in relation to impairment losses on intangible assets and goodwill.**

We are exposed to the risk of recognizing impairment losses on intangible assets and goodwill, which could materially and adversely affect our financial condition and results of operations. As part of our business strategy, we have invested significantly in intangible assets, including software, patents, and deferred development costs. As of December 31, 2022, 2023, and 2024, and June 30, 2025, the value of our intangible assets amounted to RMB579.4 million, RMB591.4 million, RMB543.7 million, and RMB547.7 million, respectively. Our goodwill arises from the acquisition of Actiontec Electronics. Our goodwill remained at RMB99.0 million as of December 31, 2022, 2023, and 2024. These assets are initially recognized at cost and subsequently measured at cost less accumulated amortization and impairment losses, where applicable.

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortization commences when the intangible assets are available for use. The determination of whether an impairment exists requires management to make significant estimates and assumptions, including those related to future cash flows, discount rates, and growth projections. These estimates are inherently uncertain and may be affected by various factors

---

## RISK FACTORS

---

such as changes in market conditions, technological obsolescence, or underperformance of business units. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognized. Such losses could have a significant impact on our profitability and net asset value. Furthermore, any future acquisitions may increase the amount of goodwill on our balance sheet, thereby heightening our exposure to impairment risk.

We cannot assure that future impairment losses will not occur, and any such losses could materially affect our financial performance.

**If we fail to fulfill our obligations under our contracts with customers in respect of contract liabilities, our results of operations and financial condition may be adversely affected.**

As of December 31, 2022, 2023, and 2024, and June 30, 2025, our contract liabilities amounted to RMB11.9 million, RMB45.4 million, RMB33.4 million, and RMB24.8 million, respectively. Our contract liabilities primarily represent advance payments from customers for goods and rebated payables to customers. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the purchase price we have received, which may materially and adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and our results of operations and financial condition. In addition, if we fail to fulfill our obligations under our contracts with customers, it may adversely affect our relationship with such customers, which may also materially and adversely affect our reputation, business and results of operations in the future.

**We are exposed to risks relating to the recoverability of deferred tax assets.**

We are subject to income taxes in multiple jurisdictions, and our financial statements reflect deferred tax assets arising from temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. During the Track Record Period, we recorded income tax expense of RMB7.4 million and RMB1.6 million in 2022 and the six months ended June 30, 2025, and income tax credit of RMB1.1 million and RMB3.6 million in 2023 and 2024, respectively. The recognition of deferred tax assets is based on our management's assessment that it is probable future taxable profits will be available against which these deductible temporary differences and tax losses can be utilized. However, the recoverability of deferred tax assets is inherently uncertain and depends on the generation of sufficient future taxable income. This requires significant judgement and estimation by management, particularly in forecasting future financial performance, tax planning strategies, and the timing of reversal of temporary differences. Changes in market conditions, regulatory environments, or business performance could adversely affect these estimates and result in the need to write down deferred tax assets.

---

## RISK FACTORS

---

If actual future taxable income is less than expected, or if there are adverse changes in tax laws or rates, we may be required to reduce the carrying amount of deferred tax assets through a charge to income tax expense. Such impairment could materially and adversely affect our financial condition and results of operations. Furthermore, the complexity of tax regulations across jurisdictions increases the risk of misinterpretation or misapplication, which could lead to disputes with tax authorities and adjustments to our deferred tax positions. We cannot assure that all deferred tax assets recognized will be fully recoverable, and any impairment could have a significant impact on our profitability and equity position.

**We may face risks associated with IT system failures, network disruptions, or cybersecurity breaches.**

IT systems are critical to our ability to effectively manage our operations. If we do not allocate sufficient resources to build and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and, in some instances, loss of customers. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, system failures, cybersecurity attack, or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired. Challenges relating to the building of new IT structures can also subject us to certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, electrical or telecommunications failures, software program errors, computer viruses, cyber-attacks or hackers, and other security issues or threats that may pose a risk of financial losses, business interruptions, wrongful use of information, damage to reputation, and lack of proper protection. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. Given the unpredictability of the timing, nature and scope of such disruptions, such measures may not have been effectively implemented or may not be adequate to ensure that our operations are not disrupted and we could potentially be subject to operational interruption, damage to our image and private data exposure. We may also incur significant expenses for implementing additional security measures to protect our IT systems.

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

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. Please refer to the section headed “Business — Risk management and internal control” in this Prospectus. Since the effectiveness of our risk management and internal control systems depend on the implementation of the same by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement

---

## RISK FACTORS

---

these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, results of operations, financial condition, and prospects could be materially and adversely affected.

**We recorded negative cash flows from operating activities in the six months ended June 30, 2025.**

Due to nature of our business, we may record net cash used in operating activities from time to time. Throughout the Track Record Period, our cash inflow was primarily generated from the sales of our products. For the six months ended June 30, 2025, we had net cash used in operating activities of RMB189.9 million, which primarily represented profit before tax of RMB119.1 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of RMB70.8 million; and (ii) movements in working capital, mainly consisting of an increase in inventories of RMB296.1 million, and an increase in trade and other receivables of RMB389.3 million. We may continue to experience such net cash outflows from our operating activities in the future. If we are unable to maintain adequate working capital, we may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

**Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.**

We face various risks in connection with our business. As of the Latest Practicable Date, we maintained insurance policies for our products. We provide social security insurance as required by relevant rules and regulation in PRC, including general care and work-related injury insurance, for our employees. We have also maintained various insurance policies regarding different aspects of our overseas operations, such as general liability, property, errors and omissions, employment, and cargo. However, we cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, and results of operations could be materially and adversely affected.

**We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.**

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

---

## RISK FACTORS

---

During the Track Record Period, our Group has sold optical and wireless connectivity devices to non-sanctioned customers in the Relevant Regions, for which none of the Relevant Regions a Sanctioned Countries because these regions are not subject to general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, these regions are subject to a rather limited sets of sanctions targeting certain sanctioned entities and sectors or prohibited activities within such regions. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, these transactions involving Relevant Regions did not involve any sanctioned entities or exports or transactions of any items subject to the EAR, and hence did not represent a Primary Sanctioned Activity or violation of International Sanctions; and, the risk of these transactions being viewed as a Secondary Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with this view from the International Sanctions Legal Adviser.

During the Track Record Period, our Group has also provided design and manufacturing services to Customer D domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For our Group to provide the design and manufacturing services, Customer D provided raw materials and accessories to our Company, none of the raw materials and accessories are subject to the EAR, our Company then delivered the finished products to Customer D after manufacturing. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, given the nature of the transactions involving Customer D stated above, including that our Group was not engaged in any exports or transactions of any items subject to the EAR to Customer D, export restrictions applicable to Customer D being designated on the Entity List maintained by the BIS were not implicated and such transactions did not represent a Primary Sanctioned Activity or violation of International Sanctions; and, the risk of these transactions being viewed as a Secondary Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with this view from the International Sanctions Legal Adviser.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia, or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. For details of our business operations in the Countries subject to International Sanctions and our undertakings to the Hong Kong Stock Exchange and its related group companies, please refer to the section headed “Business — Business Activities in relation to Countries subject to International Sanctions” in this Prospectus.

---

## RISK FACTORS

---

**Changes in Environmental, Social and Governance (“ESG”) compliance requirements could have an adverse impact on our business, operating results and financial condition.**

With the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an material and adverse impact on our business, results of operations and financial performance.

**RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE**

**Any slowdown in the growth of regional or global economy and inflation could affect our business, results of operations and financial condition.**

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. There have been concerns over war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets, including ever-changing trade relations between certain countries, or any newly imposed tariffs against our products, may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be materially and adversely affected.

**Changes in the economic, political and social conditions as well as government policies in the countries and regions where we operate could adversely affect our business and prospects.**

A substantial part of our operations are located in a number of overseas markets. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in

---

## RISK FACTORS

---

each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. 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. Changes in the economic or political environment could increase our exposure to legal and business risks, and may materially and adversely our operations and affect our results of operations.

**Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.**

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until some time after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these

---

## RISK FACTORS

---

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

**Fluctuations in exchange rates may have a material adverse effect on our results of operations, financial condition and your investment.**

Due to the presence overseas and in China of our business, we are inherently exposed to risks associated with foreign currency exchange fluctuations. Our Group's subsidiaries mainly operate in the China, the United States and Japan and the majority of our transactions are settled in RMB, USD, and JPY, which are the functional currencies of our Group entities to which the transactions relate. Any appreciation or depreciation in the value of the RMB, USD, and JPY or other foreign currencies that our operations are exposed to will affect our business, results of operations and financial condition adversely in different ways. During the Track Record Period, our exchange gains, net, amounted to RMB35.0 million, RMB31.8 million, RMB14.4 million, and RMB13.7 million, respectively. It is difficult to predict how external factors may impact the exchange rate of RMB and other foreign currencies in the future. Moreover, we may from time to time implement various hedging policies, such as currency swaps, natural hedging, or diversification, to mitigate these risks, it is important to note that these measures may not fully eliminate the potential adverse impacts of currency movements. The availability and effectiveness of our hedging measures in order to reduce our exposure to foreign exchange risks may be limited, and we may not be able to adequately cover our exposure or at all. Whilst the majority of our revenues and expenditures were denominated in RMB, USD, and JPY, our proceeds from the Global Offering will be denominated in Hong Kong dollars. Any significant change in the exchange rates of the Hong Kong dollar may materially adversely affect any dividends payable on, our H Shares in Hong Kong dollars.

**We are a Chinese Mainland enterprise, and we are subject to Chinese Mainland tax on our global income and any gains on the sales of H Shares and dividends on the H Shares may be subject to Chinese Mainland income taxes.**

Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (“EIT Law”) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-Chinese Mainland resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

---

Pursuant to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was promulgated by the SCNPC on September 10, 1980, and was most recently amended on August 31, 2018, and effective on January 1, 2019, and *the Implementation Regulations for the IIT Law* (《中華人民共和國個人所得稅法實施條例》), dividends from sources within Chinese Mainland paid to foreign individual investors who are not Chinese Mainland residents are generally subject to a Chinese Mainland withholding tax at a rate of 20% and gains from Chinese Mainland sources realized by such investors on the transfer of shares are generally subject to a 20% Chinese Mainland income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese Mainland. 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-Chinese Mainland resident individual holders of H Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between Chinese Mainland and the jurisdiction in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese Mainland 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 Chinese Mainland 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. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《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 states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges.

If Chinese Mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese Mainland 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 Chinese Mainland may not qualify for benefits under such tax treaties or arrangements.

---

## RISK FACTORS

---

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

Our Company may, from time to time, undertake capital raising activities, including offerings of equity or debt securities in the PRC or overseas markets. In connection with such activities, our Company may become subject to approval, filing, registration or other regulatory requirements imposed by the CSRC or other relevant PRC governmental authorities, particularly in light of evolving regulatory frameworks governing offshore listings and securities offerings by PRC-related entities.

Any failure or delay in obtaining the necessary approvals or completing the required filings could materially and adversely affect our Company's ability to access capital markets in a timely manner or on commercially favorable terms, which may in turn impact our funding strategy, expansion plans and overall financial condition.

**Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations and affect the value of your investment.**

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

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

We are incorporated under the laws of the PRC with limited liability, and a portion of our assets are located in the PRC. In addition, a majority of our Directors and our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors and senior management personnel.

When it comes to trans-jurisdictional recognition and enforcement of judgments, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In

---

## RISK FACTORS

---

addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be uncertain.

On July 14, 2006, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《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》) (the “**2006 Arrangement**”). Under the 2006 Arrangement, where any designated People’s Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People’s Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement.

As between the PRC and Hong Kong, the new arrangement entered into between the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region on January 18, 2019 which took effect on January 29, 2024, has lifted the requirements for a choice of court agreement in writing in a civil or commercial case under the previous regime on bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a “jurisdiction agreement in writing” as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement must be determined in accordance with the relevant laws and regulations in effect at the time.

### **Payment of dividends is subject to laws and regulations in regions where we operate.**

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

---

## RISK FACTORS

---

### **Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.**

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders’ meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

### **RISKS RELATING TO THE GLOBAL OFFERING**

#### **Our A Shares have been listed in China since 2017, and the characteristics of the A Share and H Share market may differ.**

Our A Shares have been listed on the Shanghai Stock Exchange since 2017. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange. Under the current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share

---

## RISK FACTORS

---

and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participant. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

**We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.**

As we are listed on the Shanghai Stock Exchange and will be listed on the Main Board of the Hong Kong Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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

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

**There has been no prior public market for our H Shares, and an active trading market for our H shares may not develop or be sustained.**

Prior to the Global Offering, there was no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company, the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters),

---

## RISK FACTORS

---

which may not be indicative of the market price at which our H Shares will be traded following completion of the Global Offering. If an active market for our H Shares does not develop following the completion at the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected.

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

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

**A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.**

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated 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 H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

**Future sales or perceived sales of substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our H Shares.**

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. While we currently are not

---

## RISK FACTORS

---

aware of any intention of such persons to dispose of significant amounts of their Shares, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

**Certain facts, forecasts and other statistics contained in this Prospectus obtained from government official sources have not been independently verified and may not be reliable. There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics contained in this Prospectus.**

Certain facts, forecast and other statistics in this Prospectus are derived from various government official sources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries or any other party involved in the Global Offering, and no representation is given as to its accuracy. You should therefore not place undue reliance on such information. In addition, we cannot guarantee that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

**We cannot assure you that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the Listing, you must rely on price appreciation of our H Shares for a return on your investment.**

We cannot assure you when and in what form dividends will be paid on our H Shares after the Global Offering. Our historical dividends may not be indicative of its future dividend policy, and the declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future.

If we retain most, or all, of our available funds and any future earnings after the Global Offering to fund the development and commercialization of our new product candidates, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an investment in our H Shares as a source for any future dividend income.

---

## RISK FACTORS

---

Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the H Shares. You may not realize a return on your investment in our H Shares and you may even lose your entire investment in our H Shares.

**This Prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.**

This Prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “may,” “ought to,” “should” or “will” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors in the H Shares are cautioned that reliance on any forward-looking statements 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. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

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

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this Prospectus.

Prior to the completion of the Global Offering, there may be press and media coverage regarding our Group and the Global Offering. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness,

---

## **RISK FACTORS**

---

accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to invest in our H Shares, prospective investors should rely only on the financial, operational and other information included in this Prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus and the Global Offering. 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 FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

**MANAGEMENT PRESENCE IN HONG KONG**

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

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would not be practically feasible or commercially reasonable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong. Therefore, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the management presence requirement under Rule 8.12 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules, subject to the conditions that, among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange:

- (a) **Authorized representatives:** we have appointed two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. The two appointed authorized representatives are Mr. Gerald G Wong, our executive Director, chairman of our Board and general manager (chief executive officer) and Ms. So Lai Shan (蘇麗珊女士), one of our joint company secretaries (the “**Authorized Representatives**”), who will act as our principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Hong Kong Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time;

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

- (b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Hong Kong Listing Rules, each of our Directors shall provide his/her telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and contact address (if different from the residential address) for correspondence to the Hong Kong Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon request of the Hong Kong Stock Exchange;
- (c) **Compliance Adviser:** our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Guotai Junan Capital Limited as our Compliance Adviser, who will act as an additional channel of communication with the Hong Kong Stock Exchange. The Compliance Adviser will advise ongoing compliance requirements and other issues arising under the Hong Kong Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing Date at least and ending on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date. Pursuant to the note to Rule 3A.23 of the Hong Kong Listing Rules, we shall ensure that the Compliance Adviser will have access at all times to our Authorized Representatives, our Directors and other officers. We shall also ensure that our Authorized Representatives, our Directors and other officers will provide promptly such information and assistance as the Compliance Adviser may need or may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Hong Kong Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our Authorized Representatives, our Directors and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Hong Kong Stock Exchange; and
- (d) **Hong Kong legal adviser:** we will retain a Hong Kong legal adviser to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Hong Kong Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

**JOINT COMPANY SECRETARIES**

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

Pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing the “relevant experience”, the Hong Kong Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Jin Zeqing (金澤清先生), who is our deputy general manager and secretary to our Board, as one of our joint company secretaries. Although Mr. Jin Zeqing does not possess the qualification and sufficient relevant experience as stipulated in the notes to Rule 3.28 of the Hong Kong Listing Rules, we would like to appoint him as our joint company secretary due to his past management experience within our Group and his thorough understanding of the internal administration and business operations of our Group. In addition, we have appointed Ms. So Lai Shan (蘇麗珊女士), who fulfils the requisite qualification as required under Note 1 to Rule 3.28 of the Hong Kong Listing Rules, to act as our other joint company secretary and to assist Mr. Jin Zeqing to acquire all qualifications and experience as

the company secretary of our Company required under Rule 3.28 of the Hong Kong Listing Rules. Please refer to the section headed “Directors and Senior Management” in this Prospectus for further information regarding the qualifications and experience of Mr. Jin Zeqing and Ms. So Lai Shan.

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

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance of Rules 3.28 and 8.17 of the Hong Kong Listing Rules in respect of the appointment of Mr. Jin Zeqing as one of our joint company secretaries pursuant to Chapter 3.10

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

**WAIVER AND EXEMPTION IN RELATION TO THE 2024 SHARE OPTION  
INCENTIVE SCHEME**

The Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the options granted by our Company:

- (a) Rule 17.02(1)(b) of the Hong Kong Listing Rules stipulates that all material terms of a scheme involving issue of new shares by listed issuers must be clearly set out in the prospectus. Our Company is also required to disclose in this Prospectus full details of all outstanding options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options;
- (b) Paragraph 27 of Appendix D1A to the Hong Kong Listing Rules requires our Company to set out in the prospectus particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and
- (c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, amongst others, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

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

Our Company may, from time to time, adopt share incentive schemes. As of the Latest Practicable Date, the 2024 Share Option Incentive Scheme remained in effect, with 15,138,300 outstanding options held by 743 eligible grantees, representing approximately 5.65% of the total issued Shares of our Company. Among these 743 eligible grantees, two are our Directors (our connected persons), one is a member of our senior management and a director of our significant subsidiary (our connected person), three are directors, supervisors or chief

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

executives of our significant subsidiaries (our connected persons), and the remaining 737 are other employees of our Group. Please refer to the section headed “Statutory and General Information — Our Share Incentive Schemes — 2024 Share Option Incentive Scheme” in Appendix VI to this Prospectus.

We have applied to: (i) the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Hong Kong Listing Rules, in relation to the options granted under the 2024 Share Option Incentive Scheme; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2024 Share Option Incentive Scheme, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the exemption would not prejudice the interests of the investing public for the following reasons:

- (a) given that 743 eligible grantees (representing approximately 60% of the total number of our employees) are involved, strict compliance with such disclosure requirements in setting out full details of all the eligible grantees under the 2024 Share Option Incentive Scheme in this Prospectus would be costly and unduly burdensome for us in light of a significant increase in cost and timing for information compilation and prospectus preparation. For example, we would need to collect and verify the addresses of a large number of eligible grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each eligible grantee, including their names, addresses and the number of options granted, may require obtaining prior written consent from the eligible grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of eligible grantees;
- (b) the grant and exercise in full of the options under the 2024 Share Option Incentive Scheme will not cause any material adverse impact to the financial position of our Group;
- (c) there will not be any new H Shares issued under the 2024 Share Option Incentive Scheme as the Shares granted under the 2024 Share Option Incentive Scheme are our A Shares;
- (d) non-compliance with the above disclosure requirements would not prevent us from providing our potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

- (e) material information relating to the 2024 Share Option Incentive Scheme has been disclosed in this Prospectus to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
- (1) a summary of the major terms of the 2024 Share Option Incentive Scheme;
  - (2) the aggregate number of A Shares subject to the options and the percentage to our total issued Shares as of the Latest Practicable Date;
  - (3) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering;
  - (4) full details of the options granted to our Directors, senior management and connected persons (if any), on an individual basis, are disclosed in this Prospectus, and such details include all the particulars required under Rule 17.02(1)(b) of the Hong Kong Listing Rules, paragraph 27 of Appendix D1A to the Hong Kong Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
  - (5) with respect to the options granted to other eligible grantees (other than those referred to in (4) above), disclosures are made on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, and the following details are disclosed in this Prospectus, including (1) the aggregate number of such grantees and the number of A Shares subject to the options; (2) the consideration paid for the grant of the options; and (3) the exercise period of the options and the exercise price for the options; and
  - (6) the particulars of the waiver and exemption granted by the Hong Kong Stock Exchange and the SFC, respectively.

The Hong Kong Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Hong Kong Listing Rules, in relation to the options granted under the 2024 Share Option Incentive Scheme on the conditions that:

- (a) full details of the options under the 2024 Share Option Incentive Scheme granted to each of our Directors, senior management, connected persons and other eligible grantees who have been granted options to subscribe for 50,001 A Shares or more are disclosed in “Statutory and General Information — Our Share Incentive Schemes — 2024 Share Option Incentive Scheme” in Appendix VI to this

Prospectus as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Hong Kong Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options under the 2024 Share Option Incentive Scheme granted to

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2024 Share Option Incentive Scheme on the conditions that:

- (a) full details of the options under the 2024 Share Option Incentive Scheme granted to each of our Directors, senior management, connected persons and other eligible grantees who have been granted options to subscribe for 50,001 A Shares or more are disclosed in “Statutory and General Information — Our Share Incentive Schemes — 2024 Share Option Incentive Scheme” in Appendix VI to this Prospectus as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options under the 2024 Share Option Incentive Scheme granted to remaining grantees (being the other grantees who are not our Directors, senior management, connected persons or have been granted options to subscribe for 50,000 A Shares or less), disclosure are made, on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (1) 1,000 to 25,000; (2) 25,001 to 50,000. For each lot of A Shares, the following details are disclosed in this Prospectus, including (1) their aggregate number of grantees and number of A Shares underlying the options under the 2024 Share Option Incentive Scheme, (2) the consideration (if any) paid for the grant of the options under the 2024 Share Option Incentive Scheme, and (3) the exercise period of the options and the exercise price of the options granted under the 2024 Share Option Incentive Scheme;
- (c) a full list of grantees under the 2024 Share Option Incentive Scheme containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance are made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in Appendix VII to this Prospectus; and
- (d) the particulars of the exemption will be disclosed in this Prospectus and this Prospectus will be issued on or before October 20, 2025.

**ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND  
THEIR CLOSE ASSOCIATES**

Rule 10.04 of the Hong Kong Listing Rules requires that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are fulfilled. It is provided in Rule 10.03(1) of the Hong Kong Listing Rules that no

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities; and in Rule 10.03(2) of the Hong Kong Listing Rules that the minimum prescribed percentage of public shareholders required by Rule 19A.13A(2) (for PRC issuers with other listed shares) of the Hong Kong Listing Rules must be achieved.

Rule 19A.13A(2) of the Hong Kong Listing Rules requires that where a new applicant is a PRC issuer with other listed shares at the time of listing, the portion of H shares for which listing is sought that are held by the public, at the time of listing, must: (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3 billion.

Paragraph 1C(2) of Appendix F1 to the Hong Kong Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled.

Paragraph 13 of Chapter 4.15 of the Guide for New Listing Applicants provides that the Hong Kong Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Hong Kong Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Paragraph 14 of Chapter 4.15 of the Guide sets out the conditions required to be fulfilled and confirmations from relevant parties to be provided when the Stock Exchange considers granting a waiver and consent from Rule 10.04 of the Hong Kong Listing Rules to placing to existing shareholders or their close associates (the “**Existing Shareholder Conditions**”).

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the Shanghai Stock Exchange. We have a large and widely dispersed public A Share shareholder base. The Company can only obtain register of A Shareholders of our Company (“**Register of A Shareholders**”) from China Securities Depository and Clearing Corporation Limited showing the largest 200 A Shareholders, but not all A Shareholders, for specified dates, namely on the 10th day, 20th day and the end of the month, and a full list of Register of A Shareholders for the date of shareholders' meeting. Having considered that A shares are freely transferable and there may be time difference between the date of Register of A Shareholders and the date of bookbuilding, it would not be practicable for our Company and the Joint Overall Coordinators to ascertain whether the placees hold any A Shares by merely checking the Register of A Shareholders. In addition, there may be circumstances where an investor purchases our A Shares through a nominee and the nominee's name is shown on the Register of A Shareholders, resulting difficulties in identifying the actual ultimate beneficial owner of A Shares.

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of Appendix F1 to the Hong Kong Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the total number of A Shares in issue of our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the “**Existing Minority Shareholders**”), subject to the conditions as follows:

- (a) the Sole Sponsor confirms that each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of the voting right in our Company immediately before Listing;
- (b) the Sole Sponsor confirms that each Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (c) the Sole Sponsor confirms that none of the Existing Minority Shareholders have the right to appoint a Director (which, for the avoidance of doubt, does not include the director nomination right of a Shareholder under the Articles of Association) and/or have any other special rights;
- (d) the Sole Sponsor confirms that allocation to the Existing Minority Shareholders or their close associates will not affect our ability to satisfy the public float requirement as prescribed under Rule 19A.13A(2) of the Hong Kong Listing Rules;
- (e) the Sole Sponsor confirms to the Hong Kong Stock Exchange in writing that based on (i) its discussions with our Company and the Joint Overall Coordinators; and (ii) the confirmations provided to the Hong Kong Stock Exchange by our Company and the Joint Overall Coordinators (confirmations (f) and (g) mentioned below), and to the best of its knowledge and belief, it has no reason to believe that any of the Existing Minority Shareholders or their close associates received any preferential treatment, or is in a position to exert influence on our Company to obtain actual or perceived preferential treatment, in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation to the Existing Minority Shareholders holding more than 1% of the issued share capital of our Company immediately prior to the completion of the Global Offering will be disclosed in the allotment results announcement;

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

- (f) our Company will confirm to the Hong Kong Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates, nor is the Existing Minority Shareholder in a position to exert influence on our Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche; and
- (g) the Joint Overall Coordinators will confirm to the Hong Kong Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

**DISCLOSURE OF OFFER PRICE**

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in this Prospectus. Pursuant to Paragraph 12 of Chapter 4.14 of the Guide for New Listing Applicants, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

We have applied to the Stock Exchange a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules so that the Company will only disclose the maximum Offer Price in the Prospectus on the below basis:

- (a) The Offer Price will be determined with reference to, among other factors, the closing price of our Company's A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shanghai Stock Exchange;
- (b) Setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;
- (c) Pursuant to paragraphs 9 and 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in this Prospectus, respectively. Disclosure of a maximum offer price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and

---

**WAIVERS FROM STRICT COMPLIANCE WITH HONG KONG LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP  
AND MISCELLANEOUS PROVISIONS) ORDINANCE**

---

- (d) A maximum Offer Price will be disclosed in this Prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that this Prospectus will disclose:

- (a) the maximum Offer Price;
- (b) the time for the determination of the Offer Price and the form of its publication;
- (c) the historical prices of our Company's A Shares and trading volume on the Shanghai Stock Exchange during the Track Record Period and up to the Latest Practicable Date;
- (d) the determinants of the final Offer Price; and
- (e) the source for investor to access the latest market price of our Company's A Shares.

See "Structure of the Global Offering — Pricing of the Global Offering" in this Prospectus for the historical prices of our A Shares and trading volume on the Shanghai Stock Exchange.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This Prospectus, for which our Directors (including any proposed Director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the Hong Kong Listing Rules for the purpose of giving information with regard to us. 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 there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

### **RESTRICTIONS ON OFFER AND SALE OF H SHARES**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of Hong Kong Offer Shares to, confirm that he/she/it is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the H Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, 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 authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

### **CSRC FILING**

We have filed the required documents with the CSRC, and we have received a filing notice from the CSRC dated September 28, 2025, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Hong Kong 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 Global Offering comprises the Hong Kong

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

Public Offering of initially 6,701,050 Offer Shares and the International Offering of initially 60,309,450 Offer Shares (assuming the Over-allotment Option is not exercised and subject, in each case, to reallocation on the basis as set out in “Structure of the Global 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 Joint Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, 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. 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.

### **UNDERWRITING**

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Sponsor-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 and is subject to us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement. Please refer to the section headed “Underwriting” in this Prospectus for further details on the Underwriters and the underwriting arrangements.

### **APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE**

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Tuesday, October 28, 2025. Except for the A Shares that have been listed on the Shanghai Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of,

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, 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.

### **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 subsidiaries) have been included in this Prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version 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.

### **CURRENCY TRANSLATIONS**

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars, Japanese Yen and U.S. dollars.

Unless otherwise specified, this Prospectus contains certain translations for convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HKD1.00 to RMB0.9130, Renminbi into Japanese Yen at the rate of JPY1.00 to RMB0.0465, Renminbi into U.S. dollars at the rate of USD1.00 to RMB7.1048, and Hong Kong dollars into U.S. dollars at the rate of USD1.00 to HKD7.7818.

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. Gerald G Wong	4 Raritan Place Basking Ridge NJ 07920 United States	American
-------------------	---	----------

Mr. Zhao Haibo (趙海波先生)	Room 2003, No. 70 Caoxi Xincun Sicun Xuhui District Shanghai PRC	Chinese
------------------------	--	---------

Mr. Zhao Hongwei (趙宏偉先生)	Room 701, No. 9 Lane 818, Minsheng Road Pudong New Area Shanghai PRC	Chinese
--------------------------	--	---------

Mr. Zhang Jie (張傑先生)	Room 401, No. 2 Lane 333, Dongchuan Road Minhang District Shanghai PRC	Chinese
----------------------	--	---------

#### Independent Non-Executive Directors:

Mr. Qin Guisen (秦桂森先生)	283-101, Building 8 Wanke Youshan No. 288 Zhiwang Road Qingpu District Shanghai PRC	Chinese
------------------------	--	---------

---

**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

---

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
Mr. Liu Guisong (劉貴松先生)	Room 1401, Unit 1, Building 22 No. 1313 Xiyuan Avenue Westpark of Hi-tech Development Zone Chengdu Sichuan Province PRC	Chinese
Mr. Yao Minglong (姚明龍先生)	Room 401, Unit 1 Building 28 Santang Lanyuan Xiacheng District, Hangzhou Zhejiang Province PRC	Chinese
Ms. Yuen Shuk Yee (袁淑儀女士)	Flat A, 7/F Block 18, Phase 1, Broadway Street Mei Foo Sun Chuen Kowloon Hong Kong	Chinese (Hong Kong)

Further information about our Directors are set out in the section headed “Directors and Senior Management” in this Prospectus.

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor**

**Guotai Junan Capital Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Sole Sponsor-Overall Coordinator**

**Guotai Junan Securities (Hong Kong) Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Joint Overall Coordinators**

**Guotai Junan Securities (Hong Kong) Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

**Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**

**Guotai Junan Securities (Hong Kong) Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**CLSA Limited**

18/F, One Pacific Place  
88 Queensway  
Hong Kong

**DBS Asia Capital Limited**

73/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### Capital Market Intermediaries

#### **Guotai Junan Securities (Hong Kong)**

##### **Limited**

27/F, Low Block

Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

#### **CLSA Limited**

18/F, One Pacific Place

88 Queensway

Hong Kong

#### **DBS Asia Capital Limited**

73/F, The Center

99 Queen's Road Central

Central

Hong Kong

#### **Star River Securities Limited**

Room 2102, The Galleria

9 Queen's Road Central

Central

Hong Kong

### Legal Advisers to our Company

*As to Hong Kong and U.S. law:*

#### **Baker & McKenzie**

14/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

*As to PRC law:*

#### **Beijing DeHeng Law Offices**

12/F Tower B, Focus Place

19 Finance Street

Beijing

PRC

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

*As to U.S. laws in relation to our business operation in the U.S.:*

**Thompson Hine LLP**

3900 Key Center  
127 Public Square  
Cleveland, Ohio 44114-1291  
United States

*As to Japan laws in relation to our business operation in Japan:*

**Hibiya Park Law Offices**

Hibiya Marine Building  
5th Floor, 5-1 Yurakucho 1-chome  
Chiyoda-ku, Tokyo 100-0006  
Japan

*As to Hong Kong laws in relation to our business operation in Hong Kong:*

**Deacons**

5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to International Sanctions laws:*

**Hogan Lovells International LLP**

11th Floor, One Pacific Place  
88 Queensway  
Hong Kong

*As to U.S. tariff laws and regulations:*

**Commerce & Finance Law Offices LLP**

45 Rockefeller Plaza Suite 2000  
New York, NY 10111  
United States

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

**Legal Advisers to the Sole Sponsor and  
the Underwriters**

*As to Hong Kong law:*  
**Eric Chow & Co. in Association with  
Commerce & Finance Law Offices**  
3401, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to PRC law:*  
**JunHe LLP**  
26/F, HKRI Centre One  
HKRI Taikoo Hui 288 Shimen Road (No. 1)  
Shanghai  
PRC

**Reporting Accountants and Independent  
Auditors**

**Grant Thornton Hong Kong Limited**  
*Certified Public Accountants and Registered  
Public Interest Entity Auditor*  
11/F, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

**Compliance Adviser**

**Guotai Junan Capital Limited**  
27/F, Low Block Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Industry Consultant**

**Frost & Sullivan (Beijing) Inc.,  
Shanghai Branch Co.**  
Room 2504, Wheelock Square  
No. 1717 West Nanjing Road  
Jing'an District  
Shanghai  
PRC

**Receiving Bank**

**DBS Bank (Hong Kong) Limited**  
16/F The Center  
99 Queen's Road Central  
Central  
Hong Kong

**Transfer Pricing Adviser**

**Zhitong (Beijing) Registered Tax Agents  
Co., Ltd. Shanghai Branch**  
45/F Raffles City  
268 Xizang Zhong Road  
Shanghai  
PRC

---

## CORPORATE INFORMATION

---

<b>Registered Office, Principal Place of Business and Headquarters in the PRC</b>	Room 501, Building 8 No. 2388 Chenhang Road Minhang District Shanghai PRC
<b>Principal Place of Business and Headquarters in the United States</b>	2445 Augustine Drive, 6th Floor Santa Clara CA 95054 United States
<b>Principal Place of Business in Hong Kong</b>	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
<b>Company's Website</b>	<b><u><a href="http://www.cigtech.com">www.cigtech.com</a></u></b> <i>(information contained in this website does not form part of this Prospectus)</i>
<b>Joint Company Secretaries</b>	Mr. Jin Zeqing (金澤清先生) No. 141, Wanke Jingyuan Lane 9, Junfeng Road Qingpu District Shanghai PRC  Ms. So Lai Shan (蘇麗珊女士) (ACG, HKACG) Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

---

## CORPORATE INFORMATION

---

### Authorized Representatives

Mr. Gerald G Wong  
4 Raritan Place  
Basking Ridge  
NJ 07920  
United States

Ms. So Lai Shan (蘇麗珊女士)  
Room 1901, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### Audit Committee

Mr. Yao Minglong (姚明龍先生) (*chairman*)  
Mr. Liu Guisong (劉貴松先生)  
Ms. Yuen Shuk Yee (袁淑儀女士)

### Nomination Committee

Mr. Qin Guisen (秦桂森先生) (*chairman*)  
Mr. Zhao Haibo (趙海波先生)  
Ms. Yuen Shuk Yee (袁淑儀女士)

### Remuneration and Evaluation Committee

Mr. Liu Guisong (劉貴松先生) (*chairman*)  
Mr. Gerald G Wong  
Mr. Yao Minglong (姚明龍先生)

### Strategy and ESG Committee

Mr. Gerald G Wong (*chairman*)  
Mr. Zhao Haibo (趙海波先生)  
Mr. Zhang Jie (張傑先生)  
Mr. Zhao Hongwei (趙宏偉先生)  
Mr. Qin Guisen (秦桂森先生)

### H Share Registrar

**Tricor Investor Services Limited**  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

---

## CORPORATE INFORMATION

---

### Principal Banks

**China Construction Bank**  
**Shanghai Yanghang Branch**  
No. 155, Yangtao Road  
Baoshan District  
Shanghai  
PRC

**Bank of Communications**  
**Shanghai Caohejing Branch**  
2/F, Building C  
No. 900, Yishan Road  
Shanghai  
PRC

**Agricultural Bank of China**  
**Shanghai Minhang Branch**  
No. 68, South Shuiqing Road  
Minhang District  
Shanghai  
PRC

**Ningbo Bank**  
**Shanghai Branch**  
No. 8 Yincheng Middle Road  
Pudong New Area  
Shanghai  
PRC

**JP Morgan Chase Bank**  
383 Madison Ave  
New York  
NY 10179  
USA

*The information and statistics set out in this section and other sections of this Prospectus were extracted from the F&S Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged F&S to prepare the F&S Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, Joint Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

## **SOURCE OF INFORMATION**

We commissioned F&S to conduct market research on the global optical and wireless connectivity devices industry and prepare the F&S Report. F&S is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB400,000 to F&S for compiling the F&S Report.

In preparing the F&S Report, F&S conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. F&S also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. F&S 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 F&S Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast

### GLOBAL ICT AND CONNECTIVITY OVERVIEW

#### Overview

The global information and communications technology (“ICT”) and telecommunications sectors are undergoing continuous development, driven by ongoing digital transformation, infrastructure upgrades, and growing user demand. In 2024, total global ICT investment exceeds USD5 trillion and is projected to surpass USD7 trillion by 2029, representing a CAGR of approximately 7% over the period. The global number of internet users has reached 5.5 billion people in 2024 and is projected to exceed 6 billion people by 2029, reflecting sustained global connectivity growth. These trends signal a strong foundation for the continued expansion of digital services and the increased deployment of advanced ICT infrastructure.

Meanwhile, AI technologies are accelerating the upgrade of ICT industry, unlocking new development opportunities across a wide range of sectors. AI demands massive computing power, high-speed connectivity, and low-latency data processing, which in turn is accelerating the upgrade and expansion of ICT infrastructure. This includes advancements in data centers, communication networks and data transmission systems, all of which are becoming more intelligent, efficient and scalable to support AI workloads. The AI market is projected to exceed USD3,000 billion by 2029, with a CAGR of 37.8% from 2024. Major global tech companies are expected to invest more than USD400 billion over the next three years in developing AI infrastructure, including compute power, storage systems, and data center capacity. As a result, the number of global data center racks, critical for supporting AI workloads, is forecasted to reach 139.8 million units by 2029, growing at a CAGR of 32.8% from 2024. The rapid development of AI technologies is not only transforming end-user applications but also fundamentally reshaping the ICT industry.

In addition, as bandwidth demands surge across sectors, from cloud computing and video streaming to industrial automation and smart cities, there is growing demand for high-performance connectivity equipment capable of supporting large-scale, real-time data transmission. This need is further intensified by the rise of edge computing, 5G networks, and the widespread adoption of data-intensive applications across various sectors. Advanced connectivity solutions have become fundamental components of modern infrastructure, enabling efficient communication between devices, users, and platforms. Meanwhile, the rapid proliferation of intelligent applications is fueled by the continued expansion of the Internet of Things (“IoT”), which serves as a key bridge between the physical and digital worlds in areas such as smart manufacturing, intelligent transportation, and energy management. The number of global IoT connections is projected to reach 71.8 billion by 2029, with a CAGR of 30.8% from 2024. As end-user devices become more intelligent and interconnected, demand continues to rise for faster, more robust connectivity to support high-frequency interaction and real-time responsiveness.

In this context, the development of wired broadband and wireless access products will be critical to supporting the increasingly data-driven and intelligent global economy. The convergence of ICT infrastructure upgrades, growing network traffic, AI workloads, and IoT expansion is creating strong momentum for high-performance connectivity technologies, reinforcing their strategic role in the next stage of digital and industrial transformation.

## **OVERVIEW OF GLOBAL OPTICAL AND WIRELESS CONNECTIVITY DEVICES (“OWCD”) INDUSTRY**

### **Overview of the OWCD industry**

OWCDs refer to a comprehensive suite of devices supporting critical stages across the optical communication and wireless networking industry, which mainly include (i) photonics (optical transceivers/optical modules); (ii) wired broadband access devices; and (iii) wireless network access devices. OWCDs enable high-speed, low-latency and high-bandwidth transmission of data and computing power, playing a pivotal role in supporting the broader ICT ecosystem. OWCDs ensure reliable connectivity across core networks, edge nodes, and end-user environments. As AI technologies become increasingly integrated into the ICT ecosystem, OWCDs play a foundational role in AI infrastructure, facilitating the efficient distribution and exchange of computing power and data within and between computational clusters, as well as from computational clusters to end users, thereby driving industry innovation and transformation through enhanced connectivity and communication capabilities.

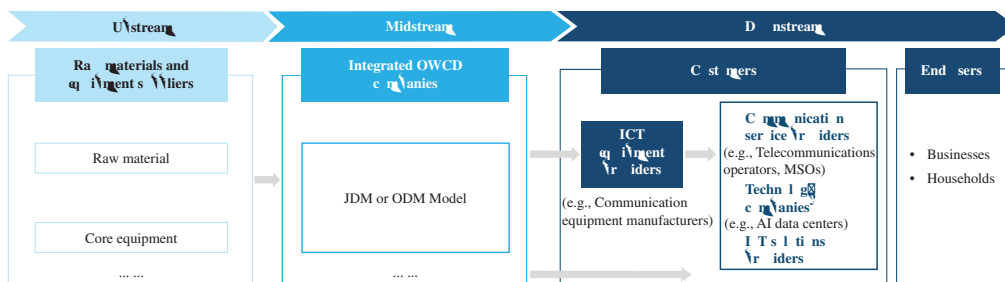
Integrated OWCD companies are companies that specialize in the production of at least two sectors within the OWCD category. Their comprehensive product portfolios are designed to meet the needs of downstream customers, such as ICT equipment providers, communication service providers, technology companies and IoT solutions providers. The products from these companies are primarily integrated into the solutions delivered by their customers to the end-users, or directly incorporated into their own data communication infrastructure, such as data centers. Integrated OWCD companies mainly collaborate with their customers through joint design manufacturing (“**JDM**”) model and original design manufacturing (“**ODM**”) model, ensuring tailored solutions that align with specific customer requirements.

Integrated OWCD companies are becoming more common in the industry, leveraging the synergy between photonic and wired broadband access devices (for optical communication) and wireless network access devices (for wireless communication), which are essential and

## INDUSTRY OVERVIEW

Full-sector coverage integrated OWCD companies are those engaged across all three sectors within the OWCD category. Only a few companies meet this criterion, setting themselves apart with uniquely comprehensive portfolios. Their broad capabilities position them to deliver highly customized solutions tailored to the diverse and evolving needs of downstream customers. In 2024, the market size of full-sector coverage integrated OWCD companies as a percentage of the overall OWCD industry was below 10.0%.

### Value chain analysis



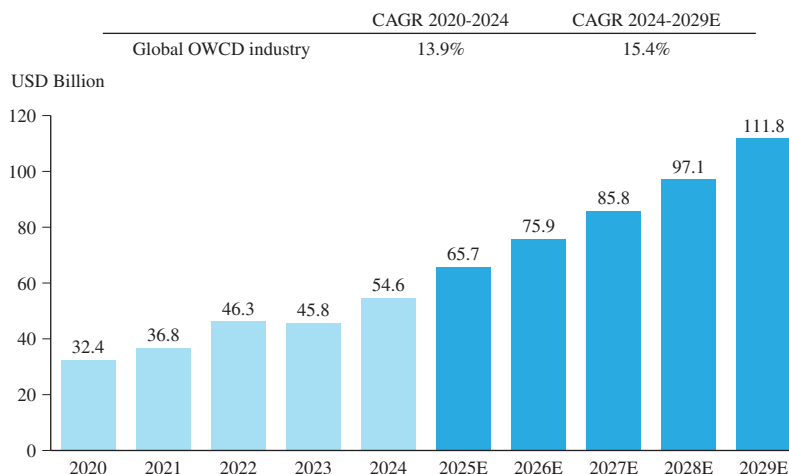
The integrated OWCD industry chain includes upstream suppliers of key raw materials (e.g., optical devices, integrated circuit chips, structural components, PCBs) and specialized equipment (e.g., coating machines and inspection tools) crucial for manufacturing photonics and network access devices. Midstream, integrated OWCD companies produce a variety of products across multiple categories, often through JDM or ODM models, to meet the customized needs of customers. Downstream players then incorporate these products into their solutions or data communication infrastructures, ultimately enhancing communication experiences for business and household end-users.

### Market size of the OWCD industry

From 2020 to 2024, the global sales revenue of the OWCD industry has increased from USD32.4 billion to USD54.6 billion with a CAGR of 13.9%. The accelerating trend and intelligent transformation, coupled with favorable policies from various countries, have led the OWCD industry to undergo technological innovation and industrial upgrade. Thus, due to the accelerated iteration and evolving frontier technologies, the global sales revenue of OWCD industry is expected to reach USD111.8 billion in 2029, representing a CAGR of 15.4% from 2024.

## INDUSTRY OVERVIEW

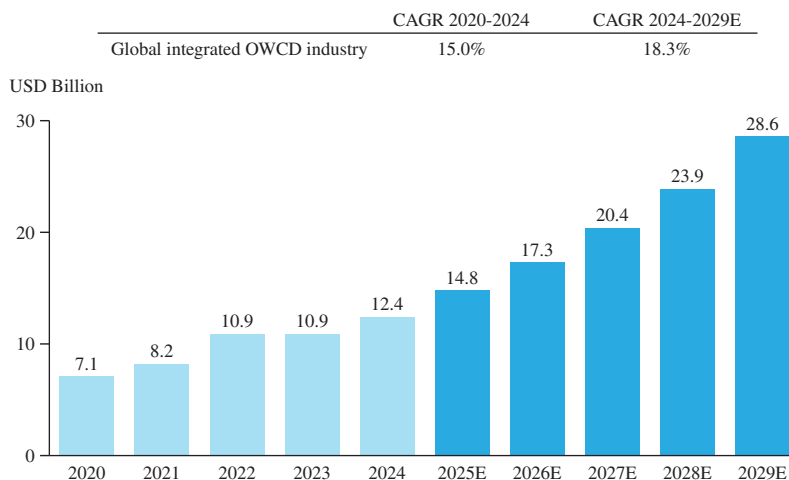
### Sales revenue of the OWCD industry (Global), 2020-2029E



Source: Interviews with industry experts by F&S, F&S

From 2020 to 2024, the global sales revenue of the integrated OWCD industry has increased from USD7.1 billion to USD12.4 billion with a CAGR of 15.0%. Leading companies in the OWCD industry are well-positioned to drive market expansion by offering a comprehensive portfolio of advanced photonic components, PON devices, and wireless network access equipment. This diversified offering supports the rapid development of the global integrated OWCD industry. As customer demand grows for one-stop suppliers, the integrated OWCD providers are expected to become increasingly attractive to customers in the future. The global sales revenue of the integrated OWCD industry is expected to reach USD28.6 billion in 2029, representing a CAGR of 18.3% from 2024, surpassing that of the global OWCD industry in the same period.

### Sales revenue of the integrated OWCD industry (Global), 2020-2029E



Source: Interviews with industry experts by F&S, F&S

---

## INDUSTRY OVERVIEW

---

### Market drivers and developing trends

#### *Digital Transformation*

The rapid rise in demand for high-bandwidth, low-latency networks in both enterprise and residential settings is driving increased deployment density and performance upgrades of wired broadband access and wireless network access devices. As enterprises accelerate digital transformation, industrial parks and office buildings are placing higher demands on efficient access and stable multi-device connectivity. On the residential side, the proliferation of HD video conferencing, online education, 4K/8K streaming, AR/VR applications, and smart home devices is reshaping network infrastructure needs, challenging the concurrent processing capabilities of access devices. The boom of AIGC and other AI technologies is rapidly advancing the AI industry. Meanwhile, the increasing adoption of AI-driven applications such as AIGC is further amplifying the demand for robust and responsive network environments. In January 2025, a China-based AI LLM company launched an open-source lightweight AI large model, significantly enhancing the accessibility of AI technologies, thereby promoting the widespread adoption of AI technology. With major AI models in China and the United States reaching tens of millions of daily active users and global computational power projected to grow at a CAGR of 42.2% from 2024 to 2029, higher-performance, more reliable OWCs are becoming key to ensuring wide coverage, stable connectivity and real-time data transmission in increasingly complex usage scenarios.

#### *Continued FTTH Development*

The number of fixed broadband subscribers worldwide has increased from 1.2 billion households in 2020 to approximately 1.6 billion households in 2024, representing a CAGR of 6.3%. As major countries and regions around the world prioritize broadband infrastructure as a key area of strategic investment, the construction of FTTx networks continues to gain momentum, significantly driving the demand for PON devices. For example, China is actively advancing the “Gigabit Optical Network” initiative and the “Eastern Data, Western Computing” project, aiming to achieve universal gigabit access capabilities by 2025. In addition, in January 2025, the Ministry of Industry and Information Technology (MIIT) issued a notice on launching 10G optical network pilot programs, focusing on scenarios such as residential communities, factories, and industrial parks. These pilots will enable the deployment of advanced optical network technologies such as 50G-PON ultra-broadband access and FTTH (Fiber to the Home)/FTTR (Fiber to the Room). In the United States, the Infrastructure Investment and Jobs Act passed in 2021 allocated USD1.2 trillion for various infrastructure projects, including USD65 billion specifically for improving broadband access and quality. Similarly, in 2021, the European Union released the “2030 Digital Compass: the European way for the Digital Decade” plan, aiming to ensure gigabit network coverage for all households by 2030. Under the strong policy push across the globe, telecom operators are expected to continue expanding the coverage of PON networks, thereby generating sustained demand for the procurement and replacement of PON devices. The number of fixed broadband subscribers worldwide is expected to reach 1.9 billion households by 2029.

---

## INDUSTRY OVERVIEW

---

### *Advanced PON Technologies*

With the acceleration of global digital transformation and the development of emerging technologies, advanced PON technology meets the urgent need for higher bandwidth and lower latency in the market. 10G PON technology has become the mainstream solution for telecommunications operators to deploy gigabit networks and meet the growing demand for broadband. At the same time, with the accelerated application of emerging technologies such as digitalization, AI and IoT, the industry's demand for higher bandwidth and greater data processing capabilities has increased significantly, driving the emergence of 25G/50G PON technology. Compared with 10G PON, 25G/50G PON can provide higher bandwidth, lower latency and stronger network scalability, better meeting the high-speed data transmission needs of scenarios such as data centers, cloud computing and intelligent manufacturing. It is expected that with the continuous maturity of technology and the gradual release of market demand, 25G/50G PON products will achieve larger-scale deployment in the near term, with 100G PON and beyond emerging as longer-term trends.

### *Upgrade of Wireless Network Technologies*

With the emergence of Wi-Fi 7 (IEEE 802.11be), the communication device industry will experience a new round of revolution in wireless connection technology. Wi-Fi 7 offers higher data transmission rates, lower latency and improved spectrum efficiency, making it better suited to support data-intensive applications. In both enterprise and home environments, Wi-Fi 7 deployment will significantly enhance the stability, speed and coverage of wireless networks, enabling multiple devices to connect simultaneously without compromising performance. Wi-Fi 7 ensures a smoother user experience, addressing the need for high concurrency, low latency and high bandwidth. In addition, with the rise of emerging technologies such as 5G, edge computing and AI, the demands on wireless networks are becoming more complex and varied. The introduction of Wi-Fi 7 will not only meet these evolving needs but also accelerate the widespread adoption and expansion of wireless connectivity technology. Meanwhile, advanced research into Wi-Fi 8 is already underway, aiming to further push the limits of wireless performance in the future.

### *Acceleration of Data Center Deployment Accelerated by High-Speed Photonic Demand*

Governments worldwide are introducing policies to support data center development. In the United States, the Stargate Project announced in January 2025 plans to invest USD500 billion over four years in new AI infrastructure. Similarly, China has issued policies such as the “Guidance on the Construction of National Data Infrastructure” to accelerate the construction of data infrastructure. With the rapid development of cloud computing, global data centers are entering a stage of large-scale commercialization. The cumulative volume of data center racks is projected to reach 139.8 million units by 2029 at a CAGR of 32.8% from 2024. Thus, the photonics industry is undergoing rapid technological advancement and product iteration. High-speed photonics — such as 400G, 800G — offer greater bandwidth, lower latency, and higher efficiency, making them critical for interconnecting devices in and across data centers. Meanwhile, the next generation of 1.6T high-speed photonics is under

---

## INDUSTRY OVERVIEW

---

development and undergoing small-batch shipments, with an expected mass production around 2026. As data demands grow, high-speed photonics will see increasing adoption in datacom applications, driving the accelerated iteration in the OWCD industry.

### *Evolution of frontier technologies in photonic*

Driven by downstream demand, companies in the photonics industry are actively strengthening the R&D of new technologies. Below introduce the leading frontier technologies in the photonics industry:

- Silicon photonics technology uses existing CMOS processes to develop and integrate optical devices and photonics. Photonics integrating silicon photonic elements are expected to occupy a mainstream position in the future due to their advantages of high integration and low power consumption.
- Innovative packaging technologies such as linear-drive pluggable optics (“LPO”), by removing the digital signal processor (“DSP”), can significantly optimize the power consumption of photonics. Co-packaged optics (“CPO”) technology, by co-packaging optical engine and switching chip on the same motherboard, can effectively reduce power consumption and improve transmission efficiency.
- Liquid-cooled photonics technology, through a unique liquid-cooled heat dissipation design, effectively improves heat dissipation efficiency and module stability.

### **Industry barriers**

#### *Technology development*

The OWCD market is highly technical with significant entry barriers, especially in areas like photonics, PON devices, and wireless access equipment. Developing advanced technologies such as silicon photonics and high-speed, low-power devices requires deep expertise in materials, optics, and microelectronics, along with strong R&D and sustained investment. Leading players leverage cutting-edge innovation and smart manufacturing to stay ahead, while those lacking resources and integration capabilities face major challenges entering the market.

#### *Customization capabilities*

As the demand for efficient, personalized solutions rises, customization has become a key competitive edge. Integrated OWCD companies must tailor products for specific needs like data centers, AI and IoT, requiring both standardized offerings and flexible, responsive design and manufacturing. For new entrants, this poses a high barrier due to the significant investment needed to support such adaptability.

---

## INDUSTRY OVERVIEW

---

### *Product competition*

Leading companies in the integrated OWCD industry typically offer a broad product portfolio — covering photonics, PON devices, and wireless access equipment — with advanced technologies in each area. For example, photonics involves silicon and high-speed photonics, while PON devices are advancing toward 50G/25G to meet rising bandwidth needs. Strong players excel across multiple products and provide integrated solutions, creating synergy and raising entry barriers for new entrants.

### *Customer*

Integrated OWCD customers mainly include ICT equipment providers, telecom operators, and tech companies such as data center and cloud service providers, all of whom demand high standards in quality, performance, reliability, and service. Due to large volumes and long procurement cycles, they rely heavily on trusted suppliers. New entrants must invest considerable time and resources to meet these standards and build trust, especially under deeply integrated models like JDM. Such close partnerships enhance customer loyalty and raise the entry barrier for newcomers.

### *Supply chain*

To reduce supplier concentration risk and enhance supply chain resilience, integrated OWCD companies increasingly adopt multi-supplier strategies, ensuring stable access to key components and minimizing disruption risks. However, new entrants often lack the resources to build reliable, diversified supplier networks, creating a significant entry barrier to market competitiveness.

### *Globalization*

Companies in the OWCD industry often need to establish a global presence spanning R&D, manufacturing, and sales operations. In particular, building globally distributed manufacturing and operational capabilities is critical to meeting the demands of fast-growing sectors such as AI, data centers, and IoT. This requires not only significant financial investment, but also strong global supply chain management, localized market strategies, and the ability to navigate complex regulatory and logistical environments. For new entrants, replicating this level of global integration and operational excellence poses a major barrier, demanding substantial resources and highly coordinated international strategies.

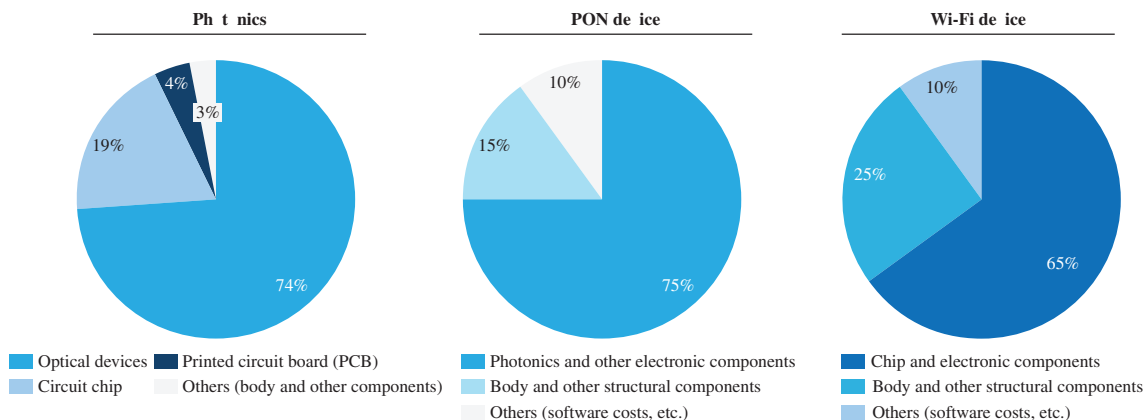
### **Cost structure**

The raw materials of photonics mainly include optical devices (e.g., TOSA, ROSA and other optical devices), circuit chip, PCB and others (body and other components). Optical devices account for approximately 74% of the total cost of photonics. Among the optical devices include the TOSA, ROSA and other optical devices including optical filter, pigtail and other components. Meanwhile, different technologies adopted in photonics can impact the cost

## INDUSTRY OVERVIEW

structure of various optical devices. For PON device, cost of photonics and other electronic components account for the major sector with 75% of the total cost. Body and other structural components and others (software costs, etc.) account for the rest 25%. Similarly, chip and electronic components account for 65% of the total cost for Wi-Fi device, the rest 35% includes the cost of body and other structural components and others (software costs, etc.).

### Cost structure analysis of photonics, PON Device and Wi-Fi devices (Global), 2024



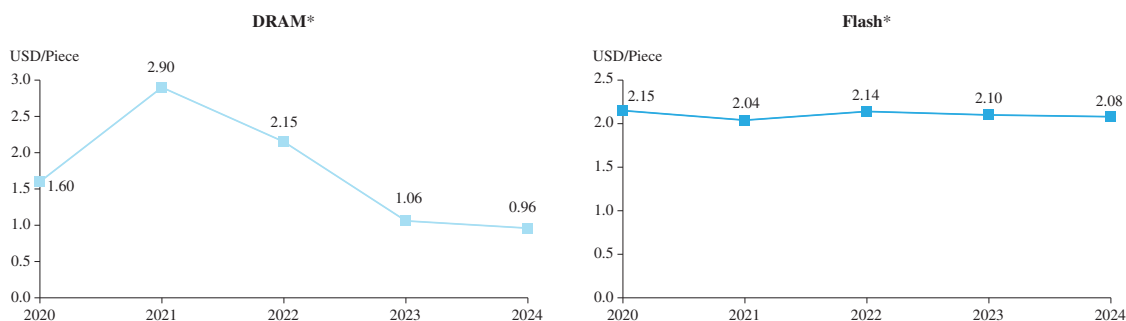
Source: Interviews with industry experts by F&S, F&S

### Raw material price

Different types of chips are the major raw materials in the OWCD industry. The chart below illustrates the price trends of two representative chip types. DRAM chips are widely used in PON devices and Wi-Fi devices, while Flash chips are commonly applied in photonics. DRAM chip prices experienced a significant increase in 2021, mainly driven by strong demand from remote education and work-from-home scenarios during the pandemic, which led to a surge in consumption of DRAM-intensive products such as smartphones and laptops. Flash chip prices have remained relatively stable over the past few years, with limited volatility due to more balanced supply and demand dynamics in their application markets. Looking ahead, both DRAM and Flash chip prices are expected to remain relatively stable in the short term, assuming no major disruptions in global supply chains or end-market demand.

## INDUSTRY OVERVIEW

### Average price of flash and DRAM chip (Global), 2020-2024



Source: WIND, Frost & Sullivan

\*Note: Refer to NAND Flash (32Gb 4Gk8 MLC) and DRAM: DDR3(4Gb(512Mk8),1600MH); Due to the price variations among different chip models and types, the selected chip prices above do not represent the industry average.

### Competitive landscape of the integrated OWCD industry

The global integrated OWCD industry is relatively fragmented and competitive with total market size of USD12.4 billion in 2024. The top five players had an aggregate of 30.4% of the market share in the industry in terms of sales revenue. Our Company ranked fifth among all players, achieving sales revenue of USD502 million with a market share of 4.1% in global integrated OWCD industry.

#### Top five companies in the integrated OWCD industry by sales revenue (Global), 2024

Ranking	Company	Sales Revenue (USD Million)	Market Share
1	Company A	900	7.3%
2	Company C	870	7.0%
3	Company B	780	6.3%
4	Company D	700	5.7%
5	the Company	502	4.1%
<b>Subtotal</b>			<b>30.4%</b>

Source: Interacts with industry experts by F&S, F&S

Among the integrated OWCD industry, market participants with full-sector coverage, including photonics, PON devices, and wireless network access devices, have the capability to provide end-to-end solutions. We are one of the few and the second largest market participant in the global integrated OWCD industry with full-sector coverage in 2024.

**Sector coverage of global top five companies  
in the integrated OWCD industry, 2024**

	Ph t nics	PON de ices	Wireless net rk access de ices
Company A	X	✓	✓
Company B	X	✓	✓
Company C	X	✓	✓
Company D	✓	✓	✓
Our Company	✓	✓	✓

*Source: Official Websites of the Companies, Annual Reports of Listed Companies, Interviews with industry experts by F&S, F&S*

*Notes:*

---

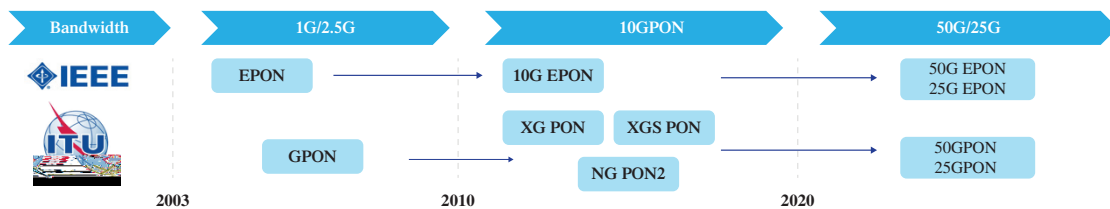
## INDUSTRY OVERVIEW

---

### Market size of the PON device industry

The market size of global PON device industry by sales revenue increased from USD6.2 billion in 2020 to USD7.8 billion in 2024, with a CAGR of approximately 5.8%. The decline in the global PON equipment market in 2023 and 2024 was mainly attributed to cyclical factors of the industry, including inventory adjustments and reduced capital expenditures by telecommunications operators. However, driven by the increasing demand for global 5G small cells and data centers, the market size of the global PON device industry is projected to further increase, reaching USD11.9 billion in 2029, with a CAGR of approximately 8.8% from 2024.

### Evolution of PON technology



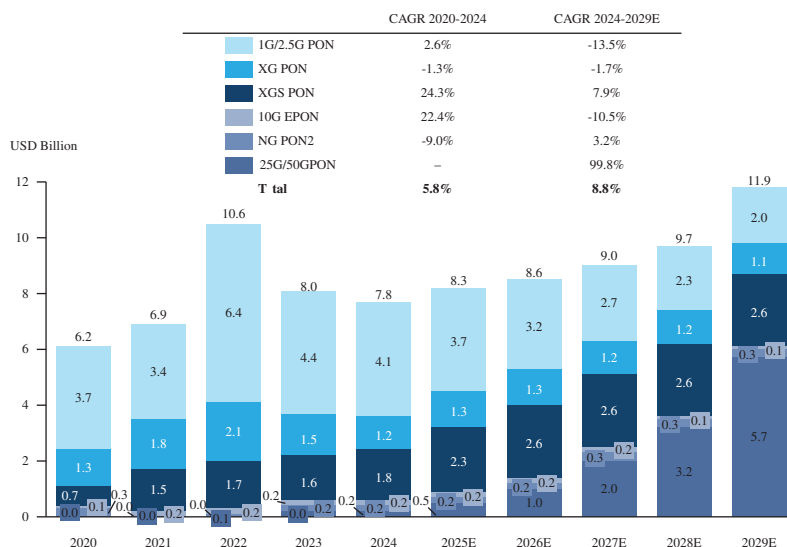
EPON and GPON, standardized in the early 2000s by IEEE and ITU-T, laid the groundwork for high-speed broadband access. GPON (2.5 Gb/s down/1.25 Gb/s up) became the mainstream FTTH solution since 2007, while EPON (1 Gb/s symmetrical), launched in 2008, offers a cost-effective Ethernet-based alternative. Together, 1G/2.5G PON devices generated USD3.7 billion in revenue in 2020, accounting approximately 60% of the total PON market.

10GPON is currently the mainstream technology in the wired broadband access sector. 10GPON technologies, including 10GEPON, XG-PON, and XGS-PON, represent major upgrades. Among them, XGS-PON is favored in Europe and the United States for its symmetrical bandwidth, especially in cloud and HD video scenarios. In 2024, the market size of XGS-PON devices accounted for over 50% of the global 10GPON segment. XGS-PON is projected to lead the 10GPON market, with its market size expected to reach USD1.8 billion in 2024 and grow to USD2.6 billion in 2029, capturing 21.9% of the total market share in 2029. NG-PON2, offering up to 40 Gb/s via WDM, remains underutilized due to high costs.

Looking ahead, 25GPON and 50GPON technologies are emerging to meet rising demand from data centers and 5G/6G networks. With downstream speeds of 25–50 Gb/s, these technologies are entering early deployment phases. The combined market is projected to reach USD5.7 billion by 2029, representing a CAGR of 99.8% from 2024, becoming core enablers of next-generation broadband infrastructure.

## INDUSTRY OVERVIEW

### Sales revenue of PON devices by rate (Global), 2020-2029E



Source: LightCounting, Interviews with industry experts by F&S, F&S

### Competitive landscape of the wired broadband access device industry

The global PON device market is relatively competitive, with a few players leading the industry while numerous regional and specialized companies also contribute to the landscape. Major companies compete on the basis of technology innovation, product quality and scalability. Key factors driving competition include the ongoing demand for faster internet speeds, the expansion of fiber networks and the shift towards next-generation PON technologies. As a result, companies are increasingly investing in R&D to enhance their product offerings and differentiate themselves in a rapidly evolving market.

## OVERVIEW OF MAJOR CORE DEVICES — GLOBAL WI-FI DEVICE INDUSTRY

### Definition and classification

As key wireless network access devices, Wi-Fi devices refer to hardware used to connect user terminal devices to a computer network via wireless signals. These devices use radio waves to transmit data, providing convenient network access services. Wi-Fi devices are commonly used in homes, offices, public places, etc., supporting network access and data exchange for mobile devices. Wi-Fi devices mainly include wireless routers and access points (“APs”), etc.

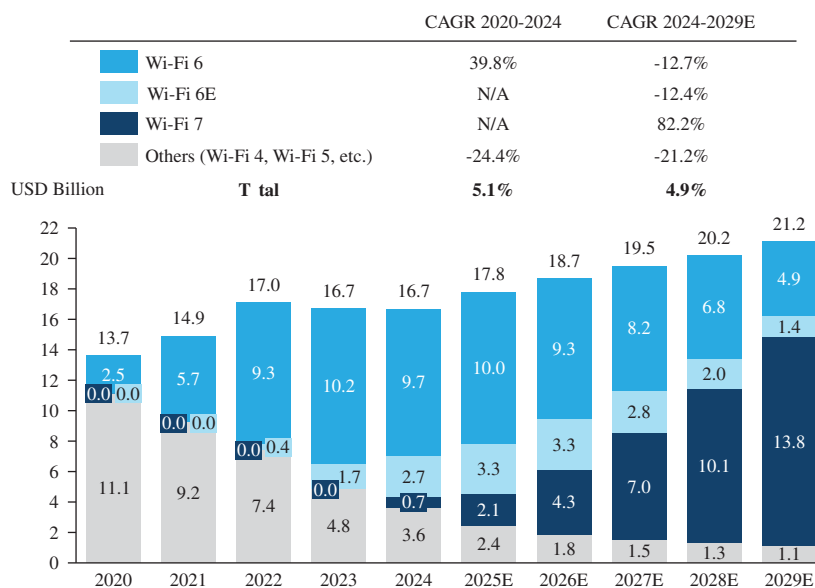
## INDUSTRY OVERVIEW

### Market Size of the Wi-Fi devices industry

The global Wi-Fi device industry, encompassing routers, APs, gateways, and other wireless equipment, has grown steadily due to rising demand for faster, more reliable wireless connectivity across homes, businesses, and industries. From 2020 to 2024, global sales revenue of Wi-Fi devices rose from USD13.7 billion to approximately USD16.7 billion, with a CAGR of around 5.1%. This growth is driven by evolving Wi-Fi standards, 5G rollout, and increasing numbers of connected devices.

Wi-Fi technology has evolved from Wi-Fi 1 (802.11) in 1997 to today's Wi-Fi 6 and 6E, significantly improving transmission speed, coverage, and device capacity. Wi-Fi 6 and Wi-Fi 6E currently dominate the market, generating USD9.7 billion and USD2.7 billion in sales revenue respectively in 2024. Looking ahead, Wi-Fi 7 is set to become a key enabler for high-speed, low-latency connectivity in smart homes, gaming, IoT, telemedicine, and intelligent vehicles. Global Wi-Fi 7 device sales are projected to reach USD13.8 billion by 2029, representing a CAGR of 82.2% from 2024.

### Sales revenue of Wi-Fi devices by technology (Global), 2020-2029E



Source: IDC, Inter-Industry Analysts & Experts by F&S, F&S

### Competitive landscape of Wi-Fi devices

The global Wi-Fi device market is relatively concentrated, with leading companies firmly holding market dominance through technological advantages, strong brand presence, and deeply established sales channels. In the future, industry competition will revolve around the development of next-generation wireless technologies (e.g., Wi-Fi 7), AI-powered capabilities, cloud-based management, and enhanced network security across multiple dimensions.

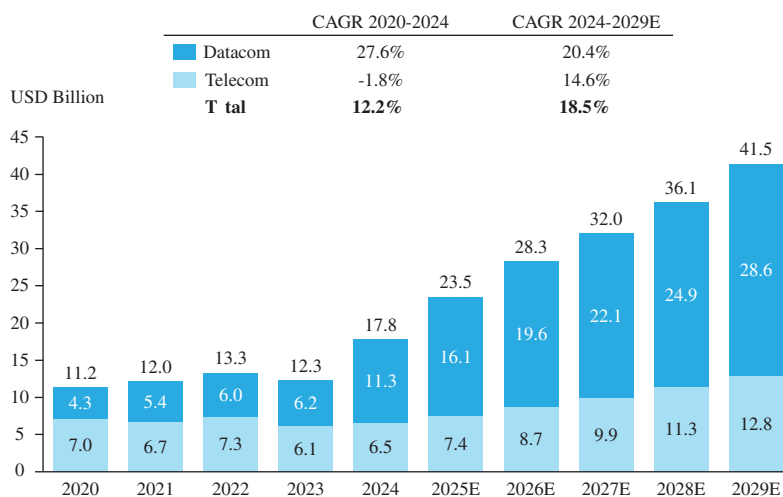
## OVERVIEW OF MAJOR CORE DEVICES — GLOBAL PHOTONICS INDUSTRY

### Definition and classification

Photonics (i.e., optical transceivers and optical modules) are optoelectronic devices that convert optical and electrical signals, enabling data transmission essential for connecting data center infrastructure and telecommunication networks. They typically include a transmitter (“**TOSA**” with lasers), a receiver (“**ROSA**” with photodetectors), functional circuits, and optical/electrical interfaces. Transmission rate, measured in Gb/s, is a key performance metric. Currently, 800G is the most advanced in mass production, while 1.6T represents the next-generation technology under development and undergoing small-batch shipments. Photonics are mainly used in datacom and telecom. In datacom, they connect servers, switches, and storage in data centers. In telecom, they support metropolitan area networks (“**MANs**”), wide area networks (“**WANs**”) and PONs, enabling efficient long-distance, high-capacity communication.

## INDUSTRY OVERVIEW

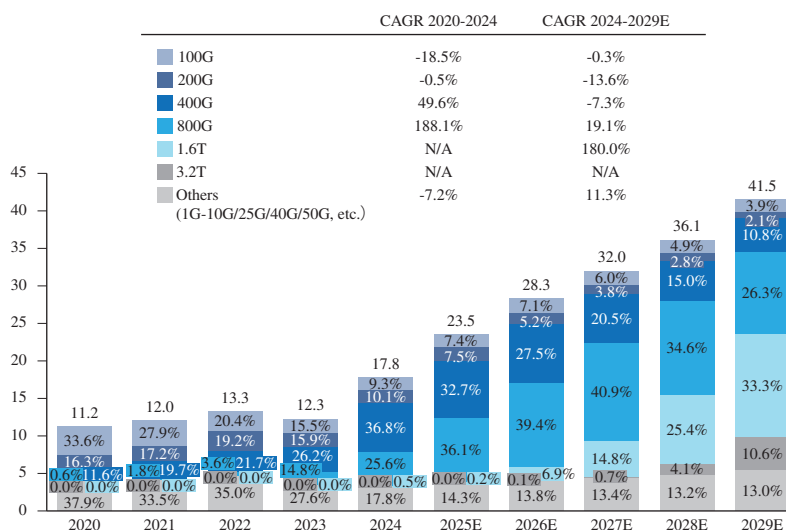
### Sales revenue of photonics by application segment (Global), 2020-2029E



Source: LightCounting, Interviews with industry experts by F&S, F&S

Driven by the rapid growth of data centers and cloud computing, high-speed photonics — especially 800G and above — are expanding quickly. As the most advanced mass-produced technology, 800G photonics saw a CAGR of 188.1% from 2020 to 2024 and is projected to grow at 19.1% from 2024 to 2029. The R&D of 800G photonics began around 2020 -2021, and leading manufacturers are now capable of large-scale shipments. Meanwhile, 1.6T photonics, representing next-generation technology, is expected to surge with a 180.0% CAGR from 2024 to 2029, fueled by rising demand for higher bandwidth, lower power consumption, and AI-driven data processing. The R&D of 1.6T photonics started mainly in 2022 -2023, with some leading manufacturers having entered the small-batch shipment phase. As hyperscale infrastructure expands, 1.6T is set to go mainstream, with 3.2T photonics on the horizon.

### Sales revenue of photonics by rate (Global), 2020-2029E



Source: LightCounting, Interviews with industry experts by F&S, F&S

## INDUSTRY OVERVIEW

### Competitive landscape of the photonics industry











The global photonics market is relatively competitive, driven by the increasing demand for high-speed data transmission in telecommunications, data centers and cloud computing. Key players include established companies from the United States, China, and Japan, each vying for market share through technological advancements and scaling production capabilities. Companies in China have made significant progress in recent years, benefiting from lower production costs and strong R&D capabilities. The market is also shaped by rapid developments in AI, 5G, and IoT, driving further competition among these players.

### BUSINESS MODEL ANALYSIS OF INTEGRATED OPTICAL AND WIRELESS CONNECTIVITY DEVICES INDUSTRY

Integrated OWCD companies mainly collaborate with their customers through JDM and/or ODM models. In terms of manufacturing, contract manufacturing (“CM”) and co-location manufacturing model are two models primarily adopted by these companies in addition to in-house manufacturing. The following are analyses of the major business models:

#### JDM vs. ODM

Different from ODM model, JDM emphasizes collaboration at each stage from product concept to final manufacture, allowing for high customization and innovation. It requires significant collaboration and close communication from both parties, particularly in design and development while ODM operates with more independent, streamlined approach, where integrated OWCD companies handles most of the design, development and manufacturing. Thus, JDM is resource-intensive and demands significant financial and operational capabilities as it involves extensive collaboration and customization, where companies with multiple large-scale customers are able to afford to make such investments. The table below represents the comparison between JDM and ODM models as follows:

Stage	JDM		ODM	
	Customer Involvement	Description	Customer Involvement	Description
Software development		Joint involvement of customers: Collaborative design and development with the customer		No material involvement of customers: Integrated OWCD company handles software design independently
Hardware development		Joint involvement of customers: Collaborative efforts with the customer to design hardware		No material involvement of customers: Integrated OWCD company handles hardware development independently
New production introduction/prototype/testing		Joint involvement of customers: Joint efforts in prototyping, testing and ensuring quality		No material involvement of customers: Integrated OWCD company independently creates prototypes and conducts testing
Manufacture		Joint involvement of customers: Manufacturing occurs in close collaboration with the customer		No material involvement of customers: Manufacturing is handled independently by the integrated OWCD company
Sales		Full involvement of customers: Customer is leading the sales and marketing activities		Customer is leading sales and marketing activities of the customized products, while integrated OWCD company may promote the standard products under separate branding

## INDUSTRY OVERVIEW

### Contract manufacturing (“CM”) vs. Co-location manufacturing

The CM model is typically more focused on large-scale contract manufacturing. Compared with CM model, co-location manufacturing offers a flexible, integrated approach, which has become a manufacturing model commonly used in the industry. Under this model, companies typically retain control over core elements such as product design, key materials, key equipment, and overall management, while local partners are responsible for manufacturing operations, labor, and compliance with local regulations. This model supports consistent global quality standards, enhances supply chain responsiveness, and improves cost efficiency. By leveraging local expertise, it also helps mitigate geopolitical risks and facilitates agile capacity deployment with relatively low capital investment, making it a widely adopted option among integrated OWCD companies. The table below represents the comparison between CM and co-location manufacturing models as follows:

Criteria	CM	Co-location manufacturing
Process design	Developed and owned by the manufacturing partner	Developed and owned by integrated OWCD company, transferred to its manufacturing partner
Manufacturing and testing process intellectual property	Belongs to the manufacturing partner	Belongs to integrated OWCD company
Production, labor and facilities	Handled by the manufacturing partner	Handled by the manufacturing partner in compliance with established procedures and protocols of integrated OWCD company
Raw material procurement	Procured by the manufacturing partner	Integrated OWCD company provides core raw materials
Equipment	Provided by the manufacturing partner	Integrated OWCD company provides core equipment
Production quality control	Supervised and managed by the manufacturing partner	Supervised and managed by personnel assigned by integrated OWCD company

The data presented in the “Industry Overview” section has taken into account the potential impact of trade restrictions and tariffs, based on several key assumptions that support the industry’s resilience and sustained growth trajectory:

### Sustained Global Demand

It is assumed that global demand for OWCDs will continue its steady upward trend. This growth is underpinned by the ongoing digital transformation across sectors, rapid expansion of cloud computing and AI workloads, and increasing internet penetration in emerging markets. The proliferation of 5G networks, IoT deployments, and data center construction further reinforces the demand for high-performance data transmission infrastructure. Given these long-term drivers, the demand for OWCDs is expected to remain robust.

---

## INDUSTRY OVERVIEW

---

### **Resilient Global Supply**

It is assumed that global OWCD supply will remain stable despite potential trade barriers. Major leading industry participants have implemented proactive strategies to mitigate risks, including shifting production to overseas manufacturing sites and expanding overseas capacity. These measures are expected to effectively reduce the impact of trade restrictions and tariffs on the overall supply landscape.

### **Technological Innovation as a Growth Catalyst**

The continued advancement of core technologies, such as high-speed photonics (e.g., 800G/1.6T), 25G/50G PON, and Wi-Fi 7, is unlocking new application scenarios and driving structural upgrades in demand. These innovations are expanding the addressable market for OWCDs and improving the performance of these products, which in turn drives broader adoption across downstream customers. The pace of technological iteration is expected to remain a key enabler of long-term industry growth.

### **Globalization Trend**

To diversify markets and mitigate geopolitical risks, many OWCD companies are accelerating overseas expansion through joint ventures, local R&D and production facilities, and regional ecosystem partnerships. Emerging markets such as ASEAN countries, India and the Middle East are attracting investment with growing infrastructure demand and supportive policies. This global expansion is expected to serve as a key driver of long-term growth for the OWCD industry tapping into emerging market potential.

---

## REGULATORY OVERVIEW

---

### I. LAW AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS IN THE PRC

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. The following is a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

#### REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in China by foreign investors are principally regulated by (i) the *Catalogue of Encouraged Industries for Foreign Investment* (《鼓勵外商投資產業目錄》) (the “**Encouraging Catalog**”), (ii) the *Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》) (the “**Negative List**”), each of which was promulgated and amended from time to time by the NDRC, and (iii) the *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which was adopted by the NPC on March 15, 2019, and became effective on January 1, 2020, as well as their respective implementation rules and ancillary regulations.

According to Article 2 of the Foreign Investment Law, Foreign investment in the territory of the People's Republic of China (hereinafter referred to as “within China”) shall be governed by this Law. For the purposes of this Law, “foreign investment” means the investing activities within China directly or indirectly conducted by foreign natural persons, enterprises, and other organizations (hereinafter referred to as “foreign investors”). As disclosed above, the Company's controlling Shareholder and de facto controller are foreign investors. Therefore, the regulations relating to foreign investment are applicable to the Group. For the permitted scope of foreign investor, the Negative List uniformly set forth the ownership requirements, requirements for senior executives, and other special administrative measures for the access of foreign investment. As advised by our PRC Legal Adviser, our Group's principal business, during the Track Record Period and up to the Latest Practicable Date, did not involve any prohibited or restrictive areas stipulated under the Negative List. Our Group's businesses fall under the permitted scope.

#### Guidance Catalog of Industries for Foreign Investment

The Encouraging Catalog and the Negative List lay out the basic framework governing foreign investment in China, classifying businesses into three categories, namely the “encouraged” category, the “restricted” category, and the “prohibited” category, based on the level of participation allowed to and conditions required of foreign investment.

On October 26, 2022, the MOFCOM and the NDRC released the *Catalogue of Encouraged Industries for Foreign Investment (Edition 2022)* (《鼓勵外商投資產業目錄(2022年版)》), which became effective on January 1, 2023 and replaced the previous Encouraging Catalog. On September 6, 2024, the MOFCOM and the NDRC released the *Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List 2024**”), which became

---

## REGULATORY OVERVIEW

---

effective on November 1, 2024 and replaced the previous Negative List. Any industry not listed on the Negative List 2024 is a permitted industry and generally accessible to foreign investment unless specifically prohibited or restricted by any PRC laws or regulations.

### The Foreign Investment Law

The Foreign Investment Law is formulated to further expand the opening-up of the Chinese economy, vigorously promote foreign investment and safeguard the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, a foreign investment means any foreign investor's direct or indirect investment in China, including: (i) establishing foreign-invested enterprises (the "FIEs") in China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares or other similar interests in Chinese domestic enterprises; (iii) investing in new projects in China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations or by the State Council of the PRC. Foreign investments are entitled to pre-entry national treatment and are subject to the Negative List. The pre-entry national treatment means that the treatment accorded to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The State implements special administrative procedures for access to foreign investment in specific fields and foreign investors shall not invest in any prohibited fields stipulated in the Negative List and shall meet the conditions stipulated in the Negative List before investing in any restricted fields.

The investment, earnings and other legitimate rights and interests of a foreign investor within the territory of China shall be protected in accordance with the law, and all national policies supporting the development of enterprises shall apply equally to FIEs. The State guarantees that FIEs are able to participate in the formulation of standards in an equal manner and government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. The State may levy or expropriate the investment of foreign investors in accordance with the law for the public interest. The expropriation and requisition shall follow legal procedures and timely and reasonable compensation shall be given. In business activities, FIEs shall comply with applicable rules and regulations on labor protection, social insurance, tax, accounting, foreign exchange and other matters prescribed by law.

On December 26, 2019, the State Council promulgated the *Implementation Regulations for the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020, and further requires that FIEs and domestic enterprises be treated equally with respect to policy making and implementation.

On December 30, 2019, the MOFCOM and the SAMR jointly issued the *Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) (the "Foreign Investment Information Measures"), which came into effect on January 1, 2020 and replaced the *Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises* (《外商投資企業設立及變更備案管理暫行辦

---

## REGULATORY OVERVIEW

---

法》)。Starting from January 1, 2020, foreign investors and FIEs in the PRC shall submit information relating to their investment through the Enterprise Registration System and the National Enterprise Credit Information Publicity System established by the SAMR by submitting initial reports of establishment, reports on changes to the investment, reports on termination of the investment and annual investment reports in accordance with the Foreign Investment Information Measures. Where a foreign investor or a FIE fails to submit any required information or make any correction or resubmission when directed by the competent authority, it may be subject to a fine of up to RMB300,000 (or RMB500,000 in the event of serious violations).

### LAWS AND REGULATIONS RELATING TO OUR BUSINESS

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

According to the *Telecommunications Regulations of the PRC* (《中華人民共和國電信條例》) issued by the State Council on September 25, 2000, revised on February 6, 2016, and effective on the same day. The State shall implement a network connection licensing system for telecommunications terminal equipment, radio telecommunications equipment, and interconnection-related equipment. Telecommunications terminal equipment, radio telecommunications equipment, and interconnection-related equipment accessing a public telecommunications network shall comply with the standards stipulated by the State, and obtain a network connection permit. Telecommunications equipment manufacturing enterprises shall guarantee the quality and reliability of telecommunications equipment which has obtained a network connection permit, and shall not lower product quality or performance. Selling

---

## REGULATORY OVERVIEW

---

telecommunications terminal equipment which does not carry a network connection permit shall be ordered by the telecommunications administration authorities of the province, autonomous region or centrally-administered municipality to make corrections and be imposed a fine ranging from RMB10,000 to RMB100,000. Any offender who violates the provisions of these Regulations in the lowering of product quality or performance after obtaining the telecommunications equipment network connection permit, shall be punished by the product quality supervision authorities pursuant to the provisions of the relevant laws and administrative regulations.

According to the *Measures for the Administration of Telecommunications Equipment Network Access* (《電信設備進網管理辦法》), which was issued by the Ministry of Information Industry (abolished) on May 10, 2001, revised by the Ministry of Industry and Information Technology (the “MIIT”) on January 18, 2024, and came into effect on the same day, telecommunications equipment manufacturers (hereinafter referred to as manufacturers) must comply with national laws, regulations, and policy requirements when applying for telecommunications equipment network access licenses. The telecommunications equipment manufacturers applying for network access licenses must meet national standards, communication industry standards, and the requirements of the MIIT. Telecommunications equipment manufacturers shall have a sound quality assurance system and after-sales service measures. Manufacturers that have obtained network access licenses shall accept the supervision and management of the telecommunications administrations of the provinces, autonomous regions, or municipalities directly under the Central Government where they are located. For those who forge, fraudulently use, transfer network access licenses, or fabricate network access license numbers, the MIIT or the telecommunications administrations of the provinces, autonomous regions, or municipalities directly under the Central Government shall confiscate their illegal earnings and impose a fine of not less than three times but not more than five times the illegal earnings. If there are no illegal earnings or the illegal earnings are less than RMB10,000, a fine of not less than RMB10,000 but not more than RMB100,000 shall be imposed.

On October 22, 2019, the MIIT issued the *Guiding Opinions of the Ministry of Industry and Information Technology on Accelerating the Construction of New Modes and New Forms of Shared Manufacturing to Promote the High-quality Development of the Manufacturing Industry* (《工業和信息化部關於加快培育共享製造新模式新業態促進製造業高質量發展的指導意見》). It is clearly stipulated therein that efforts shall be made to promote the construction of new infrastructure. Specifically, the construction of new-type infrastructure, including 5G, artificial intelligence, the industrial Internet, and the Internet of Things, shall be strengthened, and the coverage scope of high-speed, large-capacity, and low-latency networks shall be expanded. Manufacturing enterprises are encouraged to achieve the interconnection of people, machines, and things by means of the transformation and upgrading of their internal networks, thereby providing information network support for shared manufacturing.

On November 10, 2019, the NDRC, the MIIT, the Cyberspace Administration of China, the Ministry of Education, the MOF, the Ministry of Human Resources and Social Security, the Ministry of Natural Resources, MOFCOM, the PBOC, the SAMR, the National Bureau of Statistics, the National Copyright Administration, the China Banking and Insurance Regulatory

---

## REGULATORY OVERVIEW

---

Commission, the CSRC, and the National Intellectual Property Administration jointly issued the *Implementation Opinions on Promoting the In-depth Integration and Development of Advanced Manufacturing and Modern Service Industries* (《關於推動先進製造業和現代服務業深度融合發展的實施意見》). It is proposed therein that the innovative application of the industrial Internet shall be accelerated. Supported by the construction of network infrastructure, the development of an application platform system, and the improvement of security guarantee capabilities, efforts shall be made to promote the connection of all elements and the entire industrial chain in the manufacturing industry, improve the collaborative application ecosystem, and build a digital, networked, and intelligent manufacturing and service system. Moreover, the integrated development of the manufacturing industry, the service industry, and the Internet shall be deepened, “Internet +” shall be vigorously developed, development vitality and potential shall be stimulated, and a new ecosystem for integrated development shall be created.

On March 6, 2020, the General Office of the MIIT issued the *Notice of the General Office of the Ministry of Industry and Information Technology on Promoting the Accelerated Development of the Industrial Internet* (《工業和信息化部辦公廳關於推動工業互聯網加快發展的通知》). It was proposed therein that the internal and external networks of the industrial Internet should be transformed and upgraded. Specifically, efforts should be made to promote basic telecommunications enterprises to build high-quality external networks covering all prefecture-level cities across the country, and create 20 excellent service cases for enterprise industrial Internet external networks. Industrial enterprises are encouraged to upgrade and transform the internal networks of the industrial Internet, create 10 benchmark networks, and promote 100 leading enterprises in key industries and 1,000 local backbone enterprises to carry out the upgrading and transformation of the internal networks of the industrial Internet.

On March 24, 2021, the MIIT issued the *Action Plan for the Coordinated Development of ‘Dual Gigabit’ Networks (2021-2023)* (《“雙千兆”網絡協同發展行動計劃(2021-2023年)》). It proposed that within three years, the “dual gigabit” network infrastructure comprehensively covering urban areas and conditional towns and townships should be basically completed, so that both fixed and mobile networks generally have the capacity to provide gigabit-to-the-home services. Specific targets were set: by the end of 2021, the gigabit fiber-optic network should be capable of covering 200 million households, the scale of 10GPON and above ports should exceed 5 million, and the number of gigabit broadband users should exceed 10 million; by the end of 2023, the gigabit fiber-optic network should be capable of covering 400 million households, and the scale of 10GPON and above ports should exceed 10 million.

On November 1, 2021, the MIIT issued the *14th Five-Year Plan for the Development of the Information and Communication Industry* (《“十四五”信息通信行業發展規劃》). The plan proposes that by 2025, a new type of digital infrastructure that is high-speed, ubiquitous, integrated, interconnected, intelligent, green, safe and reliable will be basically established. Focusing on the construction of new digital infrastructure and the expansion of the digital

---

## REGULATORY OVERVIEW

---

space, 26 key development areas and 21 projects have been put forward, aiming to comprehensively improve the development quality of the industry and the ability to empower the digital transformation of the economic society.

On January 22, 2022, the General Office of the MIIT and the General Office of the NDRC issued the *Notice on Promoting Cloud-Network Integration and Accelerating the Construction of Information Infrastructure in Small and Medium-Sized Cities* (《關於促進雲網融合加快中小城市信息基礎設施建設的通知》). It was proposed that by 2025, the cloud-network infrastructure covering small and medium-sized cities should be basically completed in the eastern region, as well as in most parts of the central, western, and northeastern regions. The construction goals of “Gigabit Connectivity in a Thousand Cities” and “A Thousand Cloud Resource Pools in a Thousand Cities” should be achieved, that is, gigabit access capabilities and cloud resource pools should cover more than 1,000 small and medium-sized cities.

### REGULATIONS RELATING TO PRODUCTION SAFETY

On June 29, 2002, the Standing Committee of the National People’s Congress (the “SCNPC”) promulgated the *Production Safety Law of the PRC* (《中華人民共和國安全生產法》) (the “**Production Safety Law**”), which was recently amended by the SCNPC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure workplace safety. The safety facilities of a producer or business operator for engineering projects to be built, renovated or expanded shall be designed, constructed, and put into operation and use simultaneously with the principal part of the projects. Investments in safety facilities shall be included in the budgetary estimates for the construction projects. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

### REGULATIONS RELATING TO PRODUCT QUALITY

According 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 recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person’s factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic,

---

## REGULATORY OVERVIEW

---

corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the *Civil Code of the PRC* (《中華人民共和國民法典》) promulgated by the SCNPC on May 28, 2020 and became effective on January 1, 2021, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the Civil Code of the PRC, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

## REGULATIONS RELATING TO CONSTRUCTION AND ENVIRONMENTAL PROTECTION

### Regulations on construction

According to the *Urban and Rural Planning Law of the PRC* (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC with effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the *Construction Law of the PRC* (《中華人民共和國建築法》) which was promulgated by the SCNPC with effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019 and the *Regulation on Quality Management of Construction Projects* (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government at the county level, and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project

before commencement of construction. After receiving the construction project completion report, the construction entity shall organize the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

According to the *Regulations on the Administration of Approval and Filing of Enterprise Investment Projects* (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and came into effect on February 1, 2017, projects related to national security, major productivity distribution, strategic resource development and major public interests are subject to approval management. The specific project scope, the approval authority and the approval power shall be implemented in accordance with the catalog of investment projects approved by the government.

## **LAWS AND REGULATIONS RELATING TO FIRE PREVENTION**

According to the Fire Prevention Law of the PRC (

---

## REGULATORY OVERVIEW

---

promulgated by the State Council on November 29, 1998 and last amended on July 16, 2017 and which came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

### **Regulations relating to pollutant discharge permits**

According to the *Regulations on the Administration of Pollutant Discharge Permits* (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and coming into effect on March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. Those who have not obtained pollutant discharge permits are not allowed to discharge pollutants.

According to the *Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition)* (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and coming effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

### **REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS AND TECHNOLOGY**

According to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994, which was recently amended with immediate effect on December 30, 2022, and the *Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods* (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

According to the *Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法》) promulgated by the SCNPC on February 21, 1989 and implemented since August 1, 1989, and last amended on April 29, 2021 and came into effect

---

## REGULATORY OVERVIEW

---

on the same date, and the *Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法實施條例》) promulgated by the State Council on August 31, 2005 and implemented since December 1, 2005, and last amended on March 29, 2022 and implemented since May 1, 2022, the General Administration of Customs shall be responsible for inspection of import and export commodities in the PRC. The entry-exit inspection and quarantine authorities shall conduct inspection on the import and export of commodities listed in the catalog and on the import and export other commodities that shall be subject to the inspection by the entry-exit inspection authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection by the entry-exit inspection and quarantine authorities as mentioned above, the entry-exit inspection and quarantine authorities shall conduct random inspection in accordance with state regulations. Imported commodities subject to inspection may not be sold or used if they have not been inspected. Exported commodities subject to inspection may not be exported if they have not been inspected or fail to pass the inspection.

### REGULATIONS RELATING TO OVERSEAS INVESTMENT

The *Measures for Overseas Investment Management* (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, which was amended on September 6, 2014 and came into effect on October 6, 2014. As defined therein, overseas investment means that the enterprises legally incorporated in the PRC own the non-financial enterprises or obtain the ownership, control and operation management rights of the existing non-financial enterprises in foreign countries through incorporation, merger and acquisition and other means. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration.

The *Administrative Measures for Overseas Investment Enterprises* (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. As defined therein, overseas investment means any investment activities in which a domestic enterprise of the PRC obtains ownership, control, operation and management rights and other relevant interests directly or through its controlled overseas enterprise by contributing asset and/or interest or providing financing and/or guarantee. To conduct overseas investment, certain procedures shall be complied with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection. The NDRC promulgated the *Catalog of Sensitive Sectors for Overseas Investment (2018 Edition)* (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018 and came into effect on March 1, 2018, to list the current sensitive industries in detail.

According to (i) the *Foreign Exchange Administration Rules on Overseas Direct Investment of the PRC Organizations* (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and becoming effective on August 1, 2009 and (ii) the *Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》)

promulgated on February 13, 2015 and becoming effective on June 1, 2015, which was partially abolished by the SAFE, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate. With the approval or filing certificate issued by the outbound investment regulatory authorities and the SAFE registration certificate, the PRC enterprise can remit funds outside the PRC through the designated banks for the purpose of outbound direct investment. In the event of changes to certain basic information of the offshore company registered at SAFE's system, the PRC enterprise shall make the alteration registration with SAFE through its designated banks.

Pursuant to the *Notice on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing* (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), promulgated by the SAFE with immediate effect on December 26, 2014, domestic companies listed overseas shall submit the registration documents for their overseas listings to domestic banks to open designated foreign exchange accounts regarding their initial or follow-on offerings and share repurchases, and handle the exchange, transfer and remittance of relevant funds through such designated accounts, and the proceeds raised from overseas listings of a domestic company may be remitted into the PRC or deposited overseas, and the use of such proceeds shall be consistent with those set out in the prospectus or other publicly disclosed documents such as the corporate bonds offering documentations, board resolutions or shareholders' resolutions.

## **REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND**

### **Labor contract**

According to the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, which was recently amended on December 28, 2012 and became effective on July 1, 2013, and the *Implementation Rules of the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council with immediate effect on September 18, 2008, a written employment contract shall be entered into.

---

## REGULATORY OVERVIEW

---

### Social Insurance and Housing Provident Fund

According to the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and amended with immediate effect on December 29, 2018, the *Administrative Regulations on Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and recently amended with immediate effect on March 24, 2019 and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and amended with immediate effect on March 24, 2019, a domestic enterprise shall pay a premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at an appropriate percentage based on the amounts stipulated by the laws. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears. If the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

According to the *Opinions of the Office of the State Council on Comprehensive Promoting the Implementation of the Merger of Maternity Insurance and the Basic Medical Insurance for Employees* (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) which was promulgated by the State Council with immediate effect on March 6, 2019, the PRC facilitates the incorporation of maternity insurance fund into basic medical insurance fund of employees for unified payment. According to the *Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council and Effectively Doing a Good Job in Stabilizing the Collection of Social Insurance Premiums* (《人力資源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》) which was promulgated by the Ministry of Human Resources and Social Security with immediate effect on September 21, 2018, it is strictly prohibited to independently organize centralized collection and clearance of enterprises' historical arrears of social insurance premiums. Those that have already carried out centralized collection and clearance should immediately correct it and properly handle the follow-up work.

### LAWS AND REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

On July 1, 2015, the SCNPC promulgated the *State Security Law of the PRC* (《中華人民共和國國家安全法》), which became effective on the same day, pursuant to which the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, projects relating to national security matters and other important activities that are likely to impact national security of China. According to the State Security Law of the PRC,

---

## REGULATORY OVERVIEW

---

national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state, and the capability to maintain a sustained security status are not faced with any danger and not threatened internally or externally.

The SCNPC promulgated the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) on June 10, 2021, which became effective on September 1, 2021, for the establishment of a data classification and hierarchical protection system to conduct classified and hierarchical protection of data. Entities carried out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

Pursuant to *Measures on Cybersecurity Review* (《網絡安全審查辦法》) jointly announced by the Cyberspace Administration of China and several regulatory authorities in China on April 13, 2020 and implemented since June 1, 2020, last amended on December 28, 2021 and implemented since February 15, 2022, the Cybersecurity Review Office is established under the Cyberspace Administration of China, and responsible for formulating cybersecurity review systems and standards and organizing cybersecurity reviews. Key information infrastructure operators who purchase network products and services and network platform operators who engage in data processing activities that affect or may affect national security are subject to cybersecurity review by the Cybersecurity Review Office. Network platform operators with personal data of more than one million users must file applications to the Cybersecurity Review Office for cybersecurity review before listing overseas. If the member units under the cybersecurity review working mechanism opine that any network products and services and data processing activities affect or potentially affect national security, the Cybersecurity Review Office has the duty to conduct a review in accordance with relevant requirements after reporting to the Central Cyberspace Affairs Commission for approval in compliance with the procedure.

The *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) (the “**PIPL**”) was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021. The PIPL stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for providing personal information to overseas recipients, and clarifies the individual’s rights and the processor’s obligations in the process of personal information processing.

The Cyberspace Administration of China promulgated the *Security Assessment Measures for Data Provision Abroad* (《數據出境安全評估辦法》) (the “**Security Assessment Measures**”), which came into effect on September 1, 2022. The Security Assessment Measures specifies the circumstances where a cross-border data transfer is subject to security assessment.

The MIIT promulgated the *Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation)* (《工業和信息化領域數據安全管理辦法(試行)》), effect on January 1, 2023. The Measures applies to the data processing

---

## REGULATORY OVERVIEW

---

activities in the field of industry and information technology carried out within the territory of China, and sets out a series of data security protection obligations for data processors in such field, such as establishing a full life-cycle data security management system, appointing data security management personnel, and conducting filings for the important data and core data processed by the data processors.

The Cyberspace Administration of China promulgated the *Provisions on Promoting and Regulating Crossborder Data Flows* (《促進和規範數據跨境流動規定》), which came into effect on March 22, 2024. The Provisions specifies the circumstances where it is not required to apply for security assessment for data to be provided abroad, to conclude a standard contract for personal information to be provided abroad or to pass the certification for personal information protection.

On September 24, 2024, the State Council promulgated the *Regulation on Network Data Security Management* (《網絡數據安全管理條例》), which has come into force on January 1, 2025. The Regulation on Network Data Security Management introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers.

### REGULATIONS RELATING TO INTELLECTUAL PROPERTY

#### Patent

According to the *Patent Law of the PRC* (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and recently amended on October 17, 2020 and became effective on June 1, 2021, and the *Implementation Rules of the Patent Law of the PRC* (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, which was recently amended on December 11, 2023 and became effective on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of the provincial, autonomous regions or municipal governments are responsible for the administration of patents within their respective administrative areas. They provide for three types of patents, namely “inventions,” “utility models” and “designs”. Invention patents are valid for twenty years, utility model patents are valid for ten years and design patents are valid for fifteen years, in each case from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

---

## REGULATORY OVERVIEW

---

### Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, which was recently amended on April 23, 2019 and became effective on November 1, 2019, the Trademark Office of the State Administration for Industry and Commerce Authority (the predecessor of the SAMR), under the State Council is responsible for the registration and administration of trademarks in China. The SAMR has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for 10 years from the date the registration is approved. A registrant may apply to renew a registration within 12 months before the registration expiration date. If the registrant fails to apply in a timely manner, a grace period of 6 additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for 10 years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the *Trademark Law of the PRC* (《中華人民共和國商標法實施條例》), which specifies the requirements for the application of trademark registration and renewal.

### Copyright

On September 7, 1990, the SCNPC promulgated the *Copyright Law of the PRC* (《中華人民共和國著作權法》) (the “**Copyright Law**”), which was recently amended on November 11, 2020. The latest amendment took effect on June 1, 2021 and extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Centre of China. According to the Copyright Law, Chinese citizens, legal persons and organizations shall own copyright to their copyrightable works, regardless of whether such works are published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including the right of publication, right of authorship and right of reproduction. An infringer of copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of the copyright owner. An infringer of copyrights may also be subject to fines and/or administrative or criminal liabilities under certain circumstances.

In order to further implement the *Regulations on Computer Software Protection* (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991, which was recently amended on January 30, 2013 and became effective on March 1, 2013, the National Copyright Administration issued the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

---

## REGULATORY OVERVIEW

---

### Domain names

According to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and which became effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the Central Government. The principle of “first come, first served” applies to domain name registration services. The *Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services* (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

### REGULATIONS RELATING TO THE EIT AND VALUE-ADDED TAX

According to the EIT Law recently amended by the SCNPC and became effective on December 29, 2018, and the *Implementation Rules of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) recently amended by the State Council on December 6, 2024, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of the foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an enterprise income tax of 25% of any income generated within or outside the PRC. Preferential enterprise income tax is granted to industries and projects that are supported and encouraged by the country. For high and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (《中華人民共和國增值稅暫行條例》) (the “**VAT Regulations**”) promulgated by the State Council on December 13, 1993, latest amended and became effective on November 19, 2017, and the *Implementing Rules for the Provisional Regulations on Value-added Tax of the PRC* (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay the VAT. Any adjustments to the VAT tax rates shall be decided by the State Council, according to the *Notice of the MOF and the SAT on the Relevant Policies on the Streamlining and Combination of Value-added Tax Rates* (《財政部、國家稅務總局關於簡併增值稅稅率有關政策的通知》), the *Notice of the MOF and the SAT on the Adjusting Value-added Tax Rates* (《財政部、稅務總局關於調整增值稅稅率的通知》) and the *Announcement of the MOF, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-added Tax Reform* (《財政部、稅務

---

## REGULATORY OVERVIEW

---

總局、海關總署關於深化增值稅改革有關政策的公告》), the VAT tax rates currently implemented is 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. On December 25, 2024, the SCNPC promulgated the *Value-Added Tax Law of the PRC* (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, upon which VAT Regulations shall be repealed.

### REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

#### Securities Laws and Regulation

The Securities Law, which was promulgated by the SCNPC on December 29, 1998, and was recently amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulates activities in the Chinese Mainland securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing its securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

#### Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Measures and circulated five supporting guidelines ((《備案規則》) collectively, the “**Filing Rules**”), which have become effective on March 31, 2023. The Filing Rules have comprehensively improved and reformed the regulatory regime for overseas offering and listing of the PRC domestic companies’ securities to regulate both direct and indirect overseas offering and listing of the PRC domestic companies’ securities by adopting a filing-based regulatory regime. The Filing Rules apply to all overseas equity financing and listing activities of PRC domestic companies, including initial and follow-on offerings of shares, depository receipts, convertible corporate bonds, or other equity instruments and trading of securities in overseas market.

The Filing Rules provide that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders 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) 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 according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Filing Rules stipulates that after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which has become effective on March 31, 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involves 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

---

## REGULATORY OVERVIEW

---

### SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisors, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the United States, the European Union, the United Kingdom, the United Nations and Australian sanctions in their entirety.

#### The United States

##### *Terminology*

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens (“green card” holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (“LPR”) and Donetsk People’s Republic (“DPR”) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

---

## REGULATORY OVERVIEW

---

### **United Nations**

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

### **European Union**

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

### **United Kingdom and United Kingdom overseas territories**

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

---

## REGULATORY OVERVIEW

---

### Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

## II. LAW AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS IN THE UNITED STATES

We engage in research and development, trading business through our wholly owned subsidiaries, Cambridge Industries USA Inc. and Actiontec Electronics, Inc., both of which were incorporated in Delaware, the United States, and generated the substantial majority of our revenue during the Track Record Period. The following is a summary of certain U.S. federal and state laws and regulations that are material to our operations. This summary does not purport to be complete or describe applicable U.S. federal, state, or local laws in their entirety. The summary highlights material laws, rules, and regulations to illustrate the legal issues that arise in the conduct of our business, but does not explain every single law, interpretation or application. In many cases, the outcome of a legal matter will be highly fact-specific.

### Federal Communications Commission

The Federal Communications Commission (“**FCC**”) is responsible for the regulation of the sale and marketing of certain radio frequency (“**RF**”) device, proposed to be sold by manufacturers or importers of the devices, to businesses and individuals located in the U.S.

The law and rules the FCC administers serve to establish technical regulations for transmitters and other equipment in order to minimize the potential for such equipment to cause interference to other users, in the same or different telecommunications services. In turn, the FCC undertakes an equipment authorization program to ensure that covered equipment that is marketed and then sold in the U.S. first comply with the technical requirements that have been established. As a consequence, the FCC authorizes the marketing and sale of such devices as mobile telephones, garage door openers, wireless home security systems, microwave ovens, and certain children’s toys. In addition to preventing devices from interfering with each other, the FCC’s rules are intended to protect the public, whether or not users of the devices, from harmful exposure to RF energy emitted by the regulated devices.

The FCC has determined that RF devices that are subject to its equipment authorization rules are such devices that are capable of emitting RF energy by radiation, conduction, or other means. The FCC has divided RF devices into separate categories based on the potential for RF interference that they might cause. These devices are deemed to be unintentional radiators, incidental radiators, or intentional radiators. Devices that intentionally generate and emit RF energy constitute the class of “intentional radiators.” This category includes smartphones, baby monitors, private radios, and microwave ovens.

---

## REGULATORY OVERVIEW

---

The FCC has established different procedures for manufacturers to receive equipment authorizations, depending on the level of the device's RF emissions. These equipment authorization procedures are known as declaration of conformity and certification. Under the FCC's rules, our devices, such low-power transmitters, transceivers and broadband equipment, have been classified as intentional radiators and, thereby, subject to the certification procedure. The certification process involves a review for compliance with the FCC rules by a private testing entity authorized to undertake such process by the FCC. Upon a finding of compliance, the testing body will issue the appropriate equipment authorization. An authorization number can be found on the FCC's Office of Engineering and Technology (OET) equipment authorization database. The FCC OET maintains such database which is online and open to the public.

Once having secured the required equipment authorization, we are then permitted to market and sell our RF devices. These authorized devices also must comply with specific labelling requirements which evidence the authorization and enable the ability of a user to secure information about the device or communicate about it with the FCC. So long as our devices remain compliant with the testing information that was considered, we can continue to market and sell our devices without further action of the FCC.

Over time, we have undertaken the certification process to secure a number of equipment authorizations for our RF devices. We continue to do so on a regular basis and are familiar with the requirements for enabling us to market and sell our FCC regulated devices in the U.S.

Foreign entities that manufacture or distribute telecommunications devices with wireless features must now give due consideration to the potential impact on them of the FCC's focus on national security enforcement, which could detrimentally affect their ability to engage in their current lines of business.

The FCC has, over the years, expanded its rules, regulations and enforcement focus dealing with foreign companies that provide equipment to telecommunications providers and consumers that provide wireless features that implicate the FCC's focus on the national security impacts of those devices. The FCC's programs seek to mitigate the risk that foreign governments that control the equipment providers can use the wireless features to obtain sensitive information, enabling the governments to use such information for goals that are adverse to the best interests of this nation.

The FCC has prohibited entities on what it calls its Covered List, a listing of foreign entities that pose national security concerns, and their affiliates from obtaining new authorizations to sell equipment in the US. It is currently considering expanding the rules to allow for the prohibition of the sale of any equipment from entities on the Covered List, including equipment that has previously received FCC equipment authorizations.

---

## REGULATORY OVERVIEW

---

The Chairman of the FCC has recently established a Council on National Security within the agency. The purposes of the Council are to reduce American supply chain dependence on foreign adversaries, to mitigate American vulnerability of cyberattacks, espionage and surveillance by foreign adversaries, and to ensure that the United States wins the strategic competition with foreign adversaries over critical technologies, such as 5G and 6G, satellites, quantum computing and others.

All of these actions, when taken as a whole, could result in a telecommunications equipment marketplace where there are limitations on the sale of equipment from ventures established in a country deemed national security threats to the U.S., that lead to limits on products now available.

### **Food and Drug Administration**

The Food and Drug Administration (“**FDA**”), regulates electronics products that emit radiation. Manufacturers of electronic products are required to comply with the general requirements under the Federal Regulations 21 CFR 1000 through 1005 (“**CFR 21**”). Furthermore, manufacturers of electronics are required to notify FDA of any defects in an electronic product. The repair, replacement or refund for defective electronics are regulated by CFR 21 as well. Manufacturers or importers engage FDA authorized third party testing labs to certify their electronic products that require FDA certification. Additionally, manufacturers of electronic products are required to submit an Annual Report to FDA’s Center for Devices and Radiological Health by September 1.

### **Overview of intellectual property laws**

U.S. intellectual property laws include copyright, trademark, trade secrets, patent, and domain name-related laws. Copyright law is governed by the Copyright Act of 1976, which is codified in Title 17 of the U.S. Code. The U.S. Copyright Office, a department within the U.S. Library of Congress, examines copyright applications and grants registrations. Federal law, however, provides for common law rights for copyrights and trademarks as well. Both federal and state law apply to trademarks. Federal trademark law is governed by the Lanham Act, which is codified in Title 15 of the U.S. Code. The U.S. Patent and Trademark Office (“**USPTO**”), an agency within the U.S. Department of Commerce, issues federal trademark registration to providers of goods and/or services. Federal trade secrets law is governed by the Defend Trade Secrets Act of 2016, which is codified in Title 18 of the U.S. Code. Trade secrets are also protected by state law, with most states having enacted a version of the Uniform Trade Secrets Act. Patent law is governed by Title 35 of the U.S. Code. The USPTO also issues patents to inventors. Title 37 of the Code of Federal Regulations contains regulations directed towards copyrights, trademarks and patents. Finally, the Anti-cybersquatting Consumer Protection Act, 15 U.S.C. §1125(d), is a U.S. law establishing a cause of action for registering, trafficking in or using a domain name confusingly similar to, or dilutive of, a trademark or personal name.

---

## REGULATORY OVERVIEW

---

### Outbound Rules

On August 9, 2023, President Biden issued Executive Order 14105, “Addressing U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Outbound Order**”). The Outbound Order declared a national emergency to address the threat posed to U.S. national security by “countries of concern” seeking to develop and exploit “sensitive technologies and products critical for the military, intelligence, surveillance, or cyber-enabled capabilities” of those countries. The Outbound Order also stated that certain U.S. investments abroad risk exacerbating this threat. The categories of national security technologies and products identified in the Outbound Order include semiconductors and microelectronics, quantum information technologies, and artificial intelligence.

The Outbound Order directed the Secretary of the Treasury to issue regulations and establish a new national security program to prohibit or require notification of certain outbound investments by U.S. persons into entities located in, owned by persons of, or subject to the jurisdiction of a country of concern involved in national security technologies or products.

In October 2024, the Treasury Department issued the final rule, “Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” (the “**Outbound Rules**”), to implement the Outbound Order and provide the operative regulations. The Outbound Rules provide detailed guidance on key concepts and provisions to implement the program. The Outbound Rules became effective on January 2, 2025. The Department of the Treasury may issue further public guidance. The Outbound Investment Security Program will be administered by a newly created Office of Global Transactions.

The Outbound Rules broadly apply to “covered transactions” which include various forms of direct or indirect investments, such as acquiring equity interests, certain debt financing, greenfield and brownfield investments, entering into joint ventures, and acquiring limited partner interests in non-U.S. pooled investment funds under specific circumstances.

Based on the advice of Thompson Hine LLP, our Directors are of the view and the Sole Sponsor concurs that investments in our Company’s publicly traded securities will not be prohibited or subject to reporting requirements under the Outbound Rules.

### *Prohibited Transactions*

Transactions deemed a particularly acute national security threat are strictly prohibited. These include direct or indirect investments by U.S. persons in entities located in countries of concern that are engaged in specific activities within the following technology sectors:

- **Semiconductors and Microelectronics:** Activities related to electronic design automation software, advanced integrated circuits (ICs), and certain supercomputers.

---

## REGULATORY OVERVIEW

---

- Quantum Information Technologies: Development or production of quantum computers, quantum sensing platforms for specified uses, and certain quantum information technologies.
- Artificial Intelligence (AI) Systems: Development of certain AI systems intended for military, government intelligence, or mass surveillance end uses, or those trained using significant computing power or biological sequence data.

Transactions that would otherwise require notification are also prohibited if they involve parties listed on U.S. government restricted lists.

### *No ifiable T an ac ion*

Investments in less sensitive areas within the aforementioned technologies require U.S. persons to notify the Treasury Department within 30 days of completion. Examples include:

- Semiconductors and Microelectronics: Designing, fabricating, or packaging certain ICs that are not otherwise prohibited.
- Artificial Intelligence (AI) Systems: Developing certain AI systems that do not fall under the prohibited category but meet specific criteria, such as those intended for military or intelligence end uses, cybersecurity, control of robotic systems, or those trained with a specified level of computing power.

### *E ce ion*

The Outbound Rules provide exceptions to both the prohibition and notification requirements. These exceptions cover areas such as investments in publicly traded securities, certain limited partner investments, specific derivatives, buyouts of country of concern ownership, intracompany transfers, and certain syndicated debt financings.

Stock options and other equity-based compensation are also excluded from covered transactions. According to Section 850.501(f) of the Outbound Rules, the receipt of employment compensation by an individual in the form of an award of equity, the grant of an option to purchase equity in a covered foreign person, or the exercise of such an option is not considered a “covered transaction.”

It should also be noted that the prohibition and notification requirements in the Outbound Rules do not apply to transactions completed before January 2, 2025, the effective date of the Outbound Rules. The Outbound Rules do not apply retroactively.

---

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

---

### OVERVIEW

Our history can be traced back to 2005, when our founder, Mr. Gerald G Wong, with his colleagues together founded and bootstrapped our telecommunication broadband access business in Silicon Valley in the United States as a startup, and later registered CIG Cayman as a company wholly owned by Mr. Gerald G Wong in the Cayman Islands on May 19, 2005. Details of the background of Mr. Gerald G Wong are set out in “Directors and Senior Management”. Through our layout overseas and in China, we successively set up Cambridge Industries Group Limited in Hong Kong on May 28, 2005, Xinqiao Network Equipment (Shanghai) Co., Ltd.\* (新嶠網絡設備(上海)有限公司) (the predecessor of our Company) in Shanghai on March 14, 2006, and Cambridge Industries USA Inc. in the United States on April 26, 2010 to carry out our operations overseas and in China. In preparation for the Listing of A Shares, CIG Cayman became an investment holding company at the end of 2011 in the process of reorganization.

In June 2011, our Company was renamed as CIG Shanghai Company Limited\* (上海劍橋科技有限公司). We were then converted into a joint stock limited company in July 2012. On November 10, 2017, we successfully completed the Listing of A Shares and our A Shares have been listed on the Shanghai Stock Exchange (stock code: 603083) since then. As of the Latest Practicable Date, our Single Largest Group of Shareholders held in aggregate approximately 14.13% of our A Shares. During the Track Record Period and up to the Latest Practicable Date, our Single Largest Group of Shareholders had disposed of a total of 19,476,669 A Shares held by them pursuant to their respective independent and personal decision through block trading and/or continuous auction on the Shanghai Stock Exchange, pursuant to the which, our Single Largest Group of Shareholders’ shareholding in our Company reduced from 22.74% at the commencement of the Track Record Period to 14.13% as of the Latest Practicable Date.

With a vision “to support the development of AI with our solutions”, we have become an industry-leading company that provides critical infrastructure components for the development of AI through two decades of operations. As of the Latest Practicable Date, our Company had sixteen subsidiaries covering the jurisdictions of the PRC (including Hong Kong and Taiwan), the United States, Japan, Germany and Malaysia. Details of our presence overseas and in China are set out in “Business”.

### KEY MILESTONES

The following is a summary of our key corporate and business development milestones:

Year	Event
2005 . . . . .	Our founder, Mr. Gerald G Wong, with his colleagues together founded and bootstrapped our telecommunication broadband access business in Silicon Valley in the United States as a startup, and later registered CIG Cayman as a company wholly owned by Mr. Gerald G Wong in the Cayman Islands

---

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

---

Year	Event
2006 . . . . .	Xinqiao Network Equipment (Shanghai) Co., Ltd.* (新嶠網絡設備(上海)有限公司), the predecessor of our Company was established in Shanghai
2011 . . . . .	We began establishing our presence in automation and informatization by implementing industrial information systems, which includes workshop management systems and production traceability systems
2017 . . . . .	We successfully completed the Listing of A Shares and our A Shares were listed on the Shanghai Stock Exchange (stock code: 603083)
2018 . . . . .	We expanded into the photonics industry and successfully completed the acquisition of LR4 100G long-range optical sub-assembly product line from MACOM Japan Limited, a subsidiary of MACOM Technology Solution Holdings, Inc.  We advanced our overseas manufacturing strategy by establishing a production base in Malaysia
2019 . . . . .	We fully entered the photonics industry by acquiring the Datacom transceiver product line of Oclaro Japan, which was under Lumentum
2020 . . . . .	We successfully completed the Non-public Issuance of A Shares
2022 . . . . .	We successfully completed the acquisition of Actiontec Electronics, Inc. and Actiontec Electronics (Shanghai), Inc.* (邁智微電子(上海)有限公司), which had become our wholly-owned subsidiaries upon completion
2024 . . . . .	We have completed the new product introduction (“NPI”) for our manufacturing facility in Europe
2025 . . . . .	We have completed the NPI for our manufacturing facility in the United States

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Date and jurisdiction of establishment	Equity interest attributable to our Group	Principal business activities
Cambridge Industries USA Inc. . .	April 26, 2010 United States	100%	R&D, trading
CIG Shanghai Communication Equipment Co., Ltd.* (上海劍橋通訊設備有限公司) . .	August 9, 2013 PRC	100%	Trading
Cambridge Industries Group Telecommunication Limited . . .	April 9, 2018 Hong Kong, PRC	100%	Trading
CIG Wuhan Co., Ltd.* (上海劍橋科技(武漢)有限公司) .	April 23, 2018 PRC	100%	Manufacturing
CIG Photonics Japan Limited. . . .	March 11, 2019 Japan	100%	R&D
Actiontec Electronics, Inc. . . . .	October 5, 2020 United States	100%	R&D, trading
CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司) . .	July 18, 2023 PRC	66.67%	Manufacturing

As of the Latest Practicable Date, our Company had sixteen subsidiaries. Except for CIG Zhejiang Telecommunication Equipment Co., Ltd.\* (浙江劍橋通信設備有限公司), in which we held 66.67% equity interest, all of the other subsidiaries were wholly owned by our Company. Please refer to the section headed “Statutory and General Information — Further Information about Our Group — Changes in Share Capital of Our Subsidiaries” in Appendix VI to this Prospectus for more details on recent share capital changes of the subsidiaries.

### MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

#### Early Development

In 2005, our founder, Mr. Gerald G Wong, with his colleagues together founded and bootstrapped our telecommunication broadband access business in Silicon Valley in the United States as a startup, and later registered CIG Cayman as a company wholly owned by Mr. Gerald G Wong in the Cayman Islands on May 19, 2005. On March 14, 2006, the predecessor of our Company, Xinqiao Network Equipment (Shanghai) Co., Ltd.\* (新嶠網絡設備(上海)有限公司), was established in Shanghai by the then sole Shareholder, CIG Cayman, as a wholly

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

foreign-owned enterprise with registered share capital of USD140,000 to primarily design, produce and develop computer software and equipment and provide technical and consulting services. In June 2011, our Company was renamed as CIG Shanghai Company Limited\* (上海劍橋科技有限公司).

In order to establish a long-term mechanism for management team and key employees ownership, and as a part of reorganization, CIG Cayman resolved and agreed to sell approximately 57.29% of the equity interest in our Company in total to five employee shareholding platforms, namely (i) CIG Holding, (ii) Shanghai Kangling Technology Partnership (Limited Partnership)\* (上海康令科技合夥企業(有限合夥)), (iii) Shanghai Kangyiqiao Investment Consulting Partnership (Limited Partnership)\* (上海康宜橋投資諮詢合夥企業(有限合夥)) (“**Kangyiqiao**”), (iv) Shanghai Kanguiqiao Investment Consulting Partnership (Limited Partnership)\* (上海康桂橋投資諮詢合夥企業(有限合夥)) (“**Kangguiqiao**”), and (v) Changxing Kangwuqiao Enterprise Management Consulting Partnership (Limited Partnership)\* (長興康梧橋企業管理諮詢合夥企業(有限合夥)) (“**Kangwuqiao**”), and the above five employee shareholding platforms agreed to purchase the respective equity interest held by CIG Cayman in our Company. The shareholding structure of our Company immediately following completion of the share transfer in December 2011 was as follows:

Shareholders	Capital contribution	Shareholding percentage
	<i>(USD in ten thousand)</i>	
CIG Cayman <sup>1</sup> . . . . .	5.98	42.71%
Kangyiqiao <sup>2</sup> . . . . .	3.91	27.93%
Kangling Technology <sup>3</sup> . . . . .	1.80	12.86%
CIG Holding <sup>4</sup> . . . . .	1.40	10.00%
Kangguiqiao <sup>5</sup> . . . . .	0.70	5.00%
Kangwuqiao <sup>6</sup> . . . . .	0.21	1.50%
<b>Total</b> . . . . .	<b>14.00</b>	<b>100%</b>

*Notes:*

- (1) CIG Cayman was incorporated in May 2005 in the Cayman Islands and has been wholly owned by Mr. Gerald G Wong since its establishment.
- (2) As one of our employee shareholding platforms, Kangyiqiao is a limited partnership established in October 2011 in the PRC by our several then domestic employees. Kangyiqiao no longer held any Shares in our Company since February 21, 2025. As of the Latest Practicable Date, to the best knowledge of our Company, the partners of Kangyiqiao was considering to dissolve it by resolution.
- (3) As one of our employee shareholding platforms, Kangling Technology is a limited liability company incorporated in October 2011 in the PRC by Mr. Zhao Haibo as its sole shareholder. Kangling Technology changed its form to a partnership and was later renamed as Shanghai Kangling Technology Partnership (Limited Partnership)\* (上海康令科技合夥企業(有限合夥)) in 2022. Please refer to the section headed “Relationship with Our Single Largest Group of Shareholders” in this Prospectus for details of Kangling Technology.

- 
- (4) As one of our employee shareholding platforms, CIG Holding is an investment holding company incorporated in June 2011 in Hong Kong by Mr. Gerald G Wong. CIG Holding no longer held any Shares in our Company since August 14, 2023.
  - (5) As one of our employee shareholding platforms, Kangguiqiao is a limited partnership established in October 2011 in the PRC by our several then domestic employees. Kangguiqiao was dissolved by its then partners in November 2023.
  - (6) As one of our employee shareholding platforms, Kangwuqiao is a limited partnership established in October 2011 in the PRC by our several then domestic employees. Kangwuqiao was dissolved by its then partners in March 2019.

## **Capital Injection and Conversion into Joint Stock Limited Company in 2012**

In February 2012, our Company introduced ten external institutional investors by way of capital injection, namely (i) Ningbo Anfenghezhong Venture Capital Investment Partnership (Limited Partnership)\* (寧波安豐和眾創業投資合夥企業(有限合夥)) (“**Anfenghezhong**”), (ii) Jiangsu Gaotou Growth Value Equity Investment Partnership (Limited Partnership)\* (江蘇高投成長價值股權投資合夥企業(有限合夥)) (“**Jiangsu Gaotou**”), (iii) Shanghai Jinmu Investment Management Center (Limited Partnership)\* (上海金目投資管理中心(有限合夥)) (“**Shanghai Jinmu**”), (iv) Shanghai Jianxin Venture Capital Investment Company Limited\* (上海建信創業投資有限公司 (“**Shanghai Jianxin**”, dissolved in 2020), (v) Shanghai Shengyan Investment Partnership (Limited Partnership)\* (上海盛彥投資合夥企業(有限合夥)) (“**Shanghai Shengyan**”, previously known as Tianjin Shengyan Equity Fund Investment Partnership (Limited Partnership)\* (天津盛彥股權投資基金合夥企業(有限合夥)), “**Tianjin Shengyan**”), (vi) Shanghai Zhongying Equity Investment Management Center (Limited Partnership)\* (上海仲贏股權投資管理中心(有限合夥)) (“**Shanghai Zhongying**”), (vii) Shanghai Shengwan Investment Company Limited\* (上海盛萬投資有限公司) (“**Shanghai Shengwan**”), (viii) Shanghai Shengwanyanrun Investment Partnership (Limited Partnership)\* (上海盛萬彥潤投資合夥企業(有限合夥)) (“**Shanghai Shengwanyanrun**”, previously known as Tianjin Shengwan Investment Partnership (Limited Partnership)\* (天津盛萬投資合夥企業(有限合夥)), “**Tianjin Shengwan**”), (ix) Ningbo Anfenglingxian Venture Capital Investment Partnership (Limited Partnership)\* (寧波安豐領先創業投資合夥企業(有限合夥)) (“**Anfenglingxian**”), and (x) Yantai Jianxin Blue Economy Venture Capital Company Limited\* (煙台建信藍色經濟創業投資有限公司) (“**Yantai Jianxin**”) (collectively the “**2012 Investors**”). Upon completion of the aforesaid capital injection, the registered share capital of our Company increased to RMB1,658,657.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In June 2012, the sixteen then Shareholders of our Company, as the promoters, resolved to convert our Company into a joint stock limited company. In July 2012, our Company was converted into a joint stock limited company with registered share capital of RMB75,000,000 divided into 75,000,000 Shares after share capital subdivision. The shareholding structure of our Company immediately following our conversion into a joint stock company was as follows:

Shareholders/Promoters	Number of Shares	Shareholding percentage
CIG Cayman . . . . .	21,682,575	28.91%
Kangyiqiao . . . . .	14,179,200	18.91%
Kangling Technology . . . . .	6,528,600	8.70%
Anfenghezhong . . . . .	5,789,850	7.72%
Jiangsu Gaotou . . . . .	5,078,775	6.77%
CIG Holding . . . . .	5,076,675	6.77%
Shanghai Jinmu . . . . .	2,742,600	3.66%
Shanghai Jianxin . . . . .	2,640,975	3.52%
Tianjin Shengyan . . . . .	2,574,000	3.43%
Kangguiqiao . . . . .	2,538,375	3.38%
Shanghai Zhongying . . . . .	2,133,150	2.84%
Shanghai Shengwan . . . . .	1,015,725	1.35%
Tianjin Shengwan . . . . .	1,015,725	1.35%
Anfenglingxian . . . . .	812,625	1.08%
Kangwuqiao . . . . .	761,475	1.02%
Yantai Jianxin . . . . .	429,675	0.57%
<b>Total . . . . .</b>	<b>75,000,000</b>	<b>100%</b>

### Capital Reduction by Repurchase and Share Transfer in 2015

In August 2014, our Company entered into a share purchase agreement with the 2012 Investors to repurchase a total of 9,500,000 Shares at a total consideration of RMB152,817,058. In September 2014, Shanghai Zhongying entered into a share transfer agreement to transfer all its Shares (being 1,296,917 Shares) to Jiangsu Gaotou Bangsheng Venture Capital Investment Partners (Limited Partnership)\* (江蘇高投邦盛創業投資合夥企業(有限合夥)) (“**Jiangsu Bangsheng**”) at a consideration of RMB10,793,785.

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Immediately following the completion of the aforementioned capital reduction and share transfer in May 2015, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Shareholding percentage
CIG Cayman . . . . .	21,682,575	33.10%
Kangyiqiao . . . . .	14,179,200	21.65%
Kangling Technology . . . . .	6,528,600	9.97%
CIG Holding . . . . .	5,076,675	7.75%
Anfenghezhong . . . . .	3,520,076	5.37%
Anfenglingxian . . . . .	494,060	0.75%
Jiangsu Gaotou . . . . .	3,087,745	4.71%
Kanguiqiao . . . . .	2,538,375	3.88%
Shanghai Jianxin . . . . .	1,866,874	2.85%
Shanghai Jinmu . . . . .	1,667,444	2.55%
Shanghai Shengyan . . . . .	1,564,946	2.39%
Jiangsu Bangsheng . . . . .	1,296,917	1.98%
Shanghai Shengwan . . . . .	617,519	0.94%
Shanghai Shengwanyanrun . . . . .	617,519	0.94%
Kangwuqiao . . . . .	761,475	1.16%
<b>Total . . . . .</b>	<b>65,500,000</b>	<b>100%</b>

### Capital Injection in 2016

In March 2016, the registered share capital of our Company increased to RMB73,403,666 by introduction of six external institutional investors, including (i) Shanghai Diankechengding Intelligent Industry Investment Partnership (Limited Partnership)\* (上海電科誠鼎智能產業投資合夥企業(有限合夥)) (“**Diankechengding**”), (ii) Hangzhou Anfengchenyuan Venture Capital Investment Partnership (Limited Partnership)\* (杭州安豐宸元創業投資合夥企業(有限合夥)) (“**Anfengchenyuan**”), (iii) Nanjing Bangshengjuhong Equity Investment Partnership (Limited Partnership)\* (南京邦盛聚泓股權投資合夥企業(有限合夥)) (“**Bangshengjuhong**”), (iv) Jiangsu Talent Innovation and Venture Capital Investment Fund II (Limited Partnership)\* (江蘇人才創新創業投資二期基金(有限合夥)) (“**Talent Fund**”), (v) Shanghai Baodingaiping Investment Partnership (Limited Partnership)\* (上海寶鼎愛平投資合夥企業(有限合夥))

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(“**Baodingaiping**”) and (vi) Shengye (Shanghai) Asset Management Center (Limited Partnership)\* (盛曳(上海)資產管理中心(有限合夥)) (“**Shengye Asset**”). Upon completion of the capital injection in March 2016, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Shareholding percentage
CIG Cayman . . . . .	21,682,575	29.54%
Kangyiqiao . . . . .	14,179,200	19.32%
Kangling Technology . . . . .	6,528,600	8.89%
Anfenghezhong . . . . .	3,520,076	4.80%
Anfengchenyuan . . . . .	1,965,000	2.68%
Anfenglingxian . . . . .	494,060	0.67%
CIG Holding . . . . .	5,076,675	6.92%
Jiangsu Gaotou . . . . .	3,087,745	4.21%
Talent Fund . . . . .	873,333	1.19%
Bangshengjuhong . . . . .	1,572,000	2.14%
Jiangsu Bangsheng . . . . .	1,296,917	1.77%
Kangguiqiao . . . . .	2,538,375	3.46%
Diankechengding . . . . .	2,183,333	2.97%
Shanghai Jianxin . . . . .	1,866,874	2.54%
Shanghai Shengwan . . . . .	617,519	0.84%
Shanghai Shengwanyanrun . . . . .	617,519	0.84%
Shengye Asset . . . . .	436,667	0.59%
Shanghai Jinmu . . . . .	1,667,444	2.27%
Shanghai Shengyan . . . . .	1,564,946	2.13%
Baodingaiping . . . . .	873,333	1.19%
Kangwuqiao . . . . .	761,475	1.04%
<b>Total</b> . . . . .	<b>73,403,666</b>	<b>100%</b>

### Concert Party Agreement in 2017

In the course of the preparation of the Listing of A Shares, to ensure the ownership stability after the Listing of A Shares, Mr. Gerald G Wong and Mr. Zhao Haibo entered into the Concert Party Agreement on August 30, 2017. According to the Concert Party Agreement, Mr. Gerald G Wong and Mr. Zhao Haibo shall act together in voting at Board meetings as Directors and at general meetings through the Shareholders controlled by them. Mr. Gerald G Wong and Mr. Zhao Haibo have agreed to fully communicate and negotiate their votes on an equal and cooperative basis. In the event that an unanimous vote cannot be formed, the opinion of the party with higher shareholding shall prevail. Immediately following the execution of the Concert Party Agreement, Mr. Gerald G Wong (through CIG Cayman and CIG Holding) and Mr. Zhao Haibo (through Kangling Technology) controlled in aggregate approximately 45.35% equity interests in our Company.

## Listing of A Shares in 2017

On November 10, 2017, our A Shares were listed on the Shanghai Stock Exchange (stock code: 603083), pursuant to which we issued an aggregate of 24,467,889 A Shares, accounting for approximately 25.00% of our Company's share capital immediately following the Listing of A Shares. Upon completion of the Listing of A Shares, the registered share capital of our Company amounted to RMB97,871,555 and comprised 97,871,555 A Shares. The shareholding structure of our Company immediately following the Listing of A Shares was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Shareholding percentage</u>
CIG Cayman . . . . .	21,682,575	22.15%
CIG Holding . . . . .	5,076,675	5.19%
Kangling Technology . . . . .	6,528,600	6.67%
Kangyiqiao . . . . .	14,179,200	14.49%
Kanguiqiao . . . . .	2,538,375	2.59%
Kangwuqiao . . . . .	761,475	0.78%
Other A Shareholders <sup>(1)</sup> . . . . .	47,104,655	48.13%
<b>Total</b> . . . . .	<b>97,871,555</b>	<b>100%</b>

*Note:*

- (1) Other A Shareholders' shareholdings were relatively diversified, among which, no Shareholder held 5% or more of the A Shares.

Immediately following the Listing of A Shares, Mr. Gerald G Wong (through CIG Cayman and CIG Holding) and Mr. Zhao Haibo (through Kangling Technology) controlled in aggregate approximately 34.01% equity interests in our Company.

## Capital Reserve Capitalization in 2018

In October 2018, our Company completed the issuance of 29,361,467 A Shares to our then Shareholders by capitalizing the capital reserve of our Company for the purpose of dividend distribution on the basis of three additional A Shares for every ten existing A Shares. Upon completion of the capital reserve capitalization, the registered share capital of our Company amounted to RMB127,233,022 and comprised 127,233,022 A Shares.

## Capital Reserve Capitalization in 2019

In September 2019, our Company completed the issuance of 38,634,007 A Shares to our

---

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

---

### Non-public Issuance of A Shares in 2020

On April 21, 2020, we completed the Non-public Issuance of A Shares, pursuant to which, we issued 24,224,806 new A Shares at an issue price of RMB30.96 per A Share to thirteen subscribers, all of whom were Independent Third Parties. Upon completion of the Non-public Issuance of A Shares, the registered share capital of our Company amounted to RMB193,673,746 and comprised 193,673,746 A Shares. The shareholding structure of our Company immediately following the Non-public Issuance of A Shares was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Shareholding percentage</u>
CIG Cayman . . . . .	36,643,552	18.92%
Kangyiqiao . . . . .	22,343,540	11.54%
Kangling Technology . . . . .	11,033,334	5.70%
CIG Holding . . . . .	8,579,580	4.43%
Other A Shareholder <sup>1</sup> . . . . .	115,073,740	59.42%
<b>Total</b> . . . . .	<b>193,673,746</b>	<b>100%</b>

*Note:*

- (1) Other A Shareholders' shareholdings were relatively diversified, among which, no Shareholder held 5% or more of the A Shares.

### Capital Reserve Capitalization in 2020

In November 2020, our Company completed the issuance of 58,204,746 A Shares to our then Shareholders by capitalizing the capital reserve of our Company for the purpose of dividend distribution on the basis of three additional A Shares for every ten existing A Shares. Upon completion of the capital reserve capitalization, the registered share capital of our Company amounted to RMB252,220,566 and comprised 252,220,566 A Shares.

Please refer to the section headed "Statutory and General Information — Further Information about Our Group — Changes in Share Capital of Our Company" in Appendix VI to this Prospectus for more details on recent share capital changes of our Company.

### MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions as required to be disclosed under Rule 4.05A of the Listing Rules, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

In August 2024, we had sold Cambridge Photonics Technologies Inc. to Hamilton Technologies Inc., a Delaware-based company and an Independent Third Party, at a consideration of USD0.88 million based on an arms-length negotiation. For further information, please see the section headed "Financial Information — Description of key

---

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

---

components of our results of operations — Other gains/(loss), net” in this Prospectus. For the avoidance of doubt, the disposal of Cambridge Photonics Technologies Inc. completed in August 2024 was not a major disposal of our Group.

### **OUR LISTING OF A SHARES ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE LISTING OF H SHARES ON THE HONG KONG STOCK EXCHANGE**

Since November 10, 2017, our A Shares have been listed on the Shanghai Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Adviser advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in any material respect.

Our Company seeks to be listed on the Hong Kong Stock Exchange in order to (i) continue attracting top global talent, (ii) increase our R&D investment, (iii) optimize our production capacity layout overseas and in China and continue to invest in intelligent manufacturing, and (iv) further expand our sales network. Please refer to the sections headed “Business — Our Future Strategies” and “Future Plans and Use of Proceeds” in this Prospectus for details.

### **PUBLIC FLOAT AND FREE FLOAT**

#### **Satisfaction of the Public Float Requirement**

Rule 19A.13A(2) of the Hong Kong Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange since 2017. The maximum number of the H Shares to be issued pursuant to the Global Offering represents approximately 20.00% of the total issued shares of our Company (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not

exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), the total number of the H Shares expected to be held by the public represents approximately 20.00% of the total issued shares of our Company (excluding treasury shares), which is higher than the prescribed percentage of H Shares required to be held in public hands of 10.00% under Rule 19A.13A(2)(a) of the Hong Kong Listing Rules.

### **Satisfaction of the Free Float Requirement**

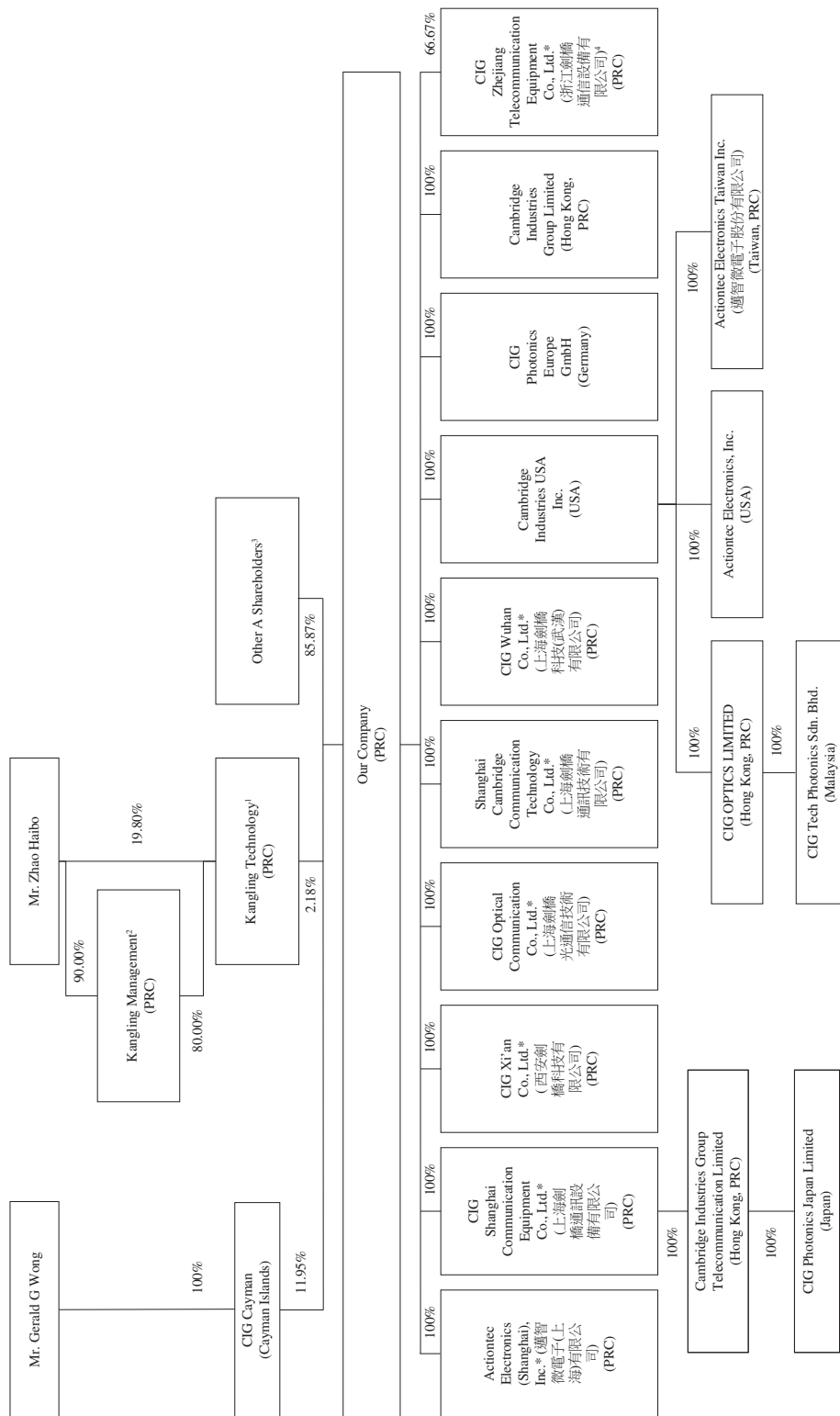
Rule 19A.13C(2) of the Hong Kong Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Hong Kong Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

Each of the Cornerstone Investors has agreed to a lock-up period of six months following the Listing Date. As such, the H Shares held by the Cornerstone Investors upon the Listing shall not be counted towards the free float of the H Shares of our Company at the time of Listing. Based on the maximum Offer Price of HK\$68.88, the total number of Offer Shares as subscribed by the Cornerstone Investors will be 32,762,750 H Shares, representing approximately 9.78% of the total issued share capital of our Company (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). In this regard, the free float of our Company will be 10.22%, which is substantially higher than the 5% threshold under Rule 19A.13C(2). Our Company will satisfy the free float requirement under Rule 19A.13C(2) of the Hong Kong Listing Rules.

**OUR SHAREHOLDING AND CORPORATE STRUCTURE**

**Shareholding and Corporate structure immediately before the Global Offering**

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the Global Offering (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing):

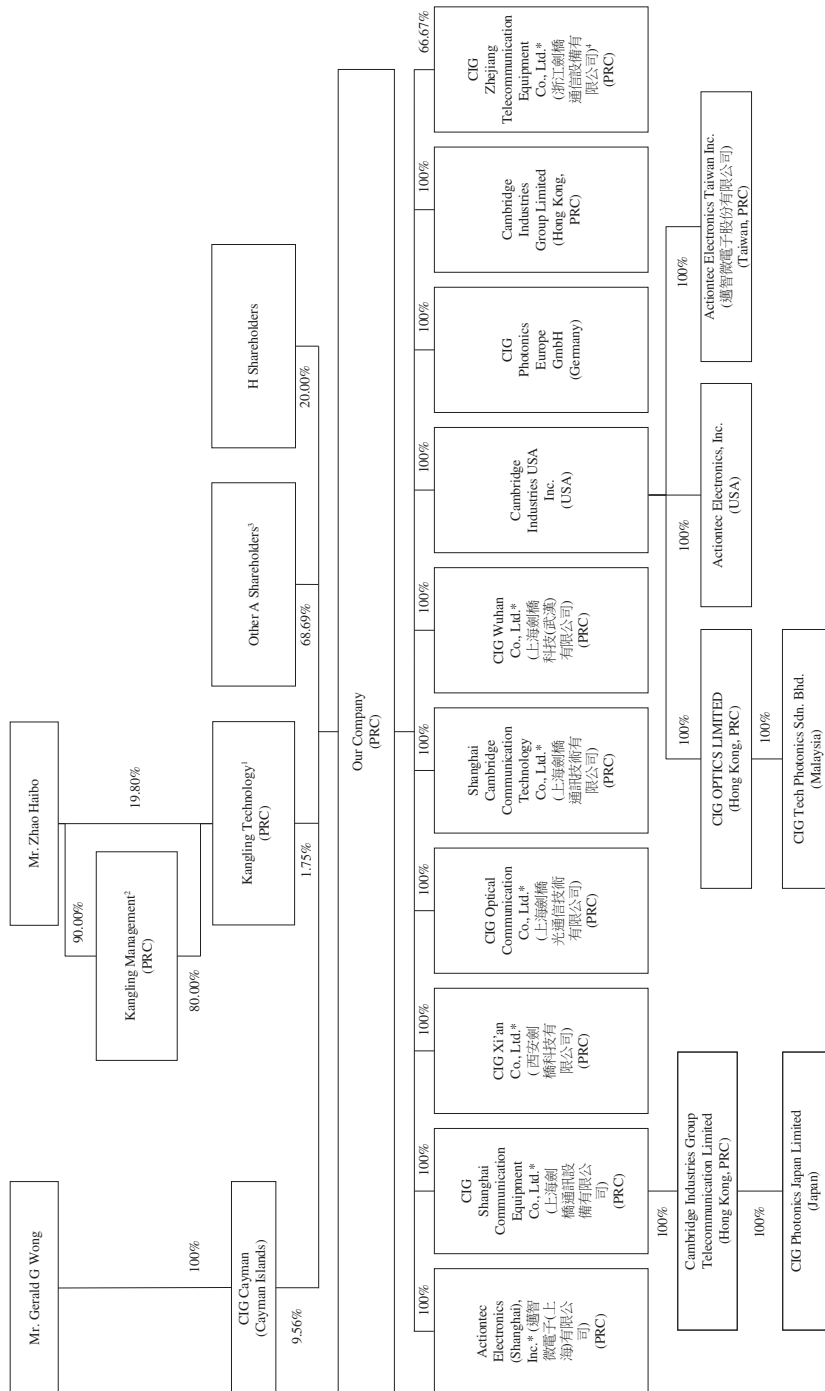


*Notes:*

- (1) Kangling Technology is a limited partnership whose executive partner is Mr. Zhao Haibo (holding 19.80% partnership interest in it) and its limited partners consist of Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 0.20% partnership interest in it) and Kangling Management (holding 80.00% partnership interest in it) as of the Latest Practicable Date. As the executive partner of Kangling Technology, Mr. Zhao Haibo is responsible for the execution of partnership affairs and thus controls the voting power of it.
- (2) Kangling Management is a limited partnership whose executive partner is Mr. Zhao Haibo (holding 90.00% partnership interest in it) and its limited partner is Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 10.00% partnership interest in it) as of the Latest Practicable Date. As the executive partner of Kangling Management, Mr. Zhao Haibo is responsible for the execution of partnership affairs and thus controls the voting power of it.
- (3) Other A Shareholders' shareholdings were relatively diversified, among which, no Shareholder held 5% or more of the A Shares as of the Latest Practicable Date. There has been no other group of Shareholders holding more interests in our Company than the Single Largest Group of Shareholders since January 1, 2024.
- (4) CIG Zhejiang Telecommunication Equipment Co., Ltd.\* (浙江劍橋通信設備有限公司) is a company incorporated in the PRC on July 18, 2023. As of the Latest Practicable Date, our Company and Jiashan Zhongxin Industrial Development Investment Company Limited\* (嘉善縣中新產業發展投資有限公司) held approximately 66.67% and 33.33% equity interest in it, respectively. Jiashan Finance Bureau\* (嘉善縣財政局), through its wholly-owned subsidiary Jiashan Shancheng Industrial Company Limited\* (嘉善縣善成實業有限公司), held 100% equity interest in Jiashan Zhongxin Industrial Development Investment Company Limited\* (嘉善縣中新產業發展投資有限公司). Jiashan Zhongxin Industrial Development Investment Company Limited\* (嘉善縣中新產業發展投資有限公司) is a substantial shareholder of CIG Zhejiang Telecommunication Equipment Co., Ltd.\* (浙江劍橋通信設備有限公司), our significant subsidiary, and accordingly is our connected person.

**Shareholding and Corporate structure immediately following the Global Offering**

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing):



Notes (1) to (4): Please refer to the details contained in the preceding page.

## OVERVIEW

We are primarily engaged in designing, developing, and selling connectivity and data transmission devices. During the Track Record Period, we generated our revenue primarily from the sales of our products in (i) broadband; (ii) wireless; and (iii) photonics technologies. According to F&S, we were one of the few global companies that offer products with these three technologies. We also ranked 5th in the global integrated optical and wireless connectivity devices (“**OWCD**”) industry in 2024, with a market share of 4.1%, in terms of sales revenue.

The following chart demonstrates our achievements:

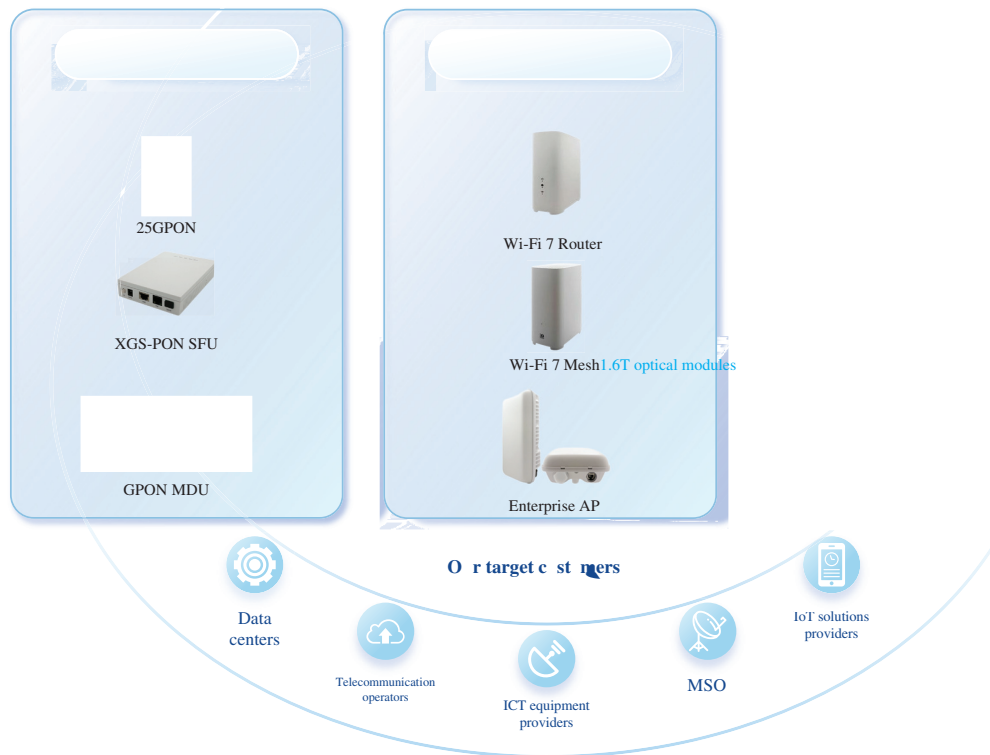


Our JDM model, in particular, requires earning the trust of major customers, as it involves collaboration and supervision throughout the process. This model entails a qualification process during which customers demand adherence to certain standards, manufacturers must demonstrate certain capabilities, and both parties need to show that they have dedicated resources and investments to ensure that their expertise and capabilities are up to expectations.

Achieving the level of trust and integration required for JDM is a rare feat, and even fewer can do so while meeting the requirements of customers in the United States and Europe. During the Track Record Period, we had collaborated with several globally leading partners, with whom we had maintained stable relationships for over ten years. Moreover, our customer base as of June 30, 2025 comprised AI data centers, telecommunication operators, information and communication technology (“ICT”) equipment providers, multiple system operators (“MSO”), and internet-of-things (“IoT”) solutions providers, including those based in the United States and Europe. For more information regarding our JDM and ODM models, please refer to the subsection headed “— Our business model” in this section.

Our expertise spans a diverse range of products in photonics, broadband, and wireless technologies, which enable efficient connectivity for the distribution and utilization of computational power and data between computing clusters and user’ premises, between users’ premises and end-users’ smart devices, and within and between computing clusters and users.

Key features of our products include the following:



---

## BUSINESS

---

	Major areas of connectivity	Major applicable fields:	Network topology	General description of users/customers
<b>Broadband . . .</b>	Delivering efficient data transmission between computing clusters and users' premises	(i) FTTH and FTTB deployments; (ii) Multi-gigabit broadband infrastructure for residential and commercial use; and (iii) Telecom and ISP backbone upgrades	Point to multi-point over fiber	Telecommunications operators and internet service providers, municipal broadband providers; or large residential property developers or campus network operators.
<b>Wireless . . . .</b>	Delivering high bandwidth, fast transmission speeds, and low network latency between users' premises and end-users' smart devices	(i) Smart home and smart office environments; (ii) Enterprise and campus wireless networking; (iii) and Hospitality, retail, and public venue connectivity	Over the air	Consumer electronics brands and OEMs, enterprises deploying large-scale wireless network, or system integrators and managed service providers.
<b>Photonics . . .</b>	Delivering efficient connectivity within and between computing clusters	(i) Data center interconnect and cloud infrastructure; (ii) Connectivity in relation to AI computing clusters and hyperscale computing; (iii) Connectivity in relation to high-performance computing and financial trading networks	Point to point over fiber	Hyperscale cloud service providers (e.g., public cloud platforms), data center operators and co-location providers, network equipment manufacturers and optical system integrators.

---

## BUSINESS

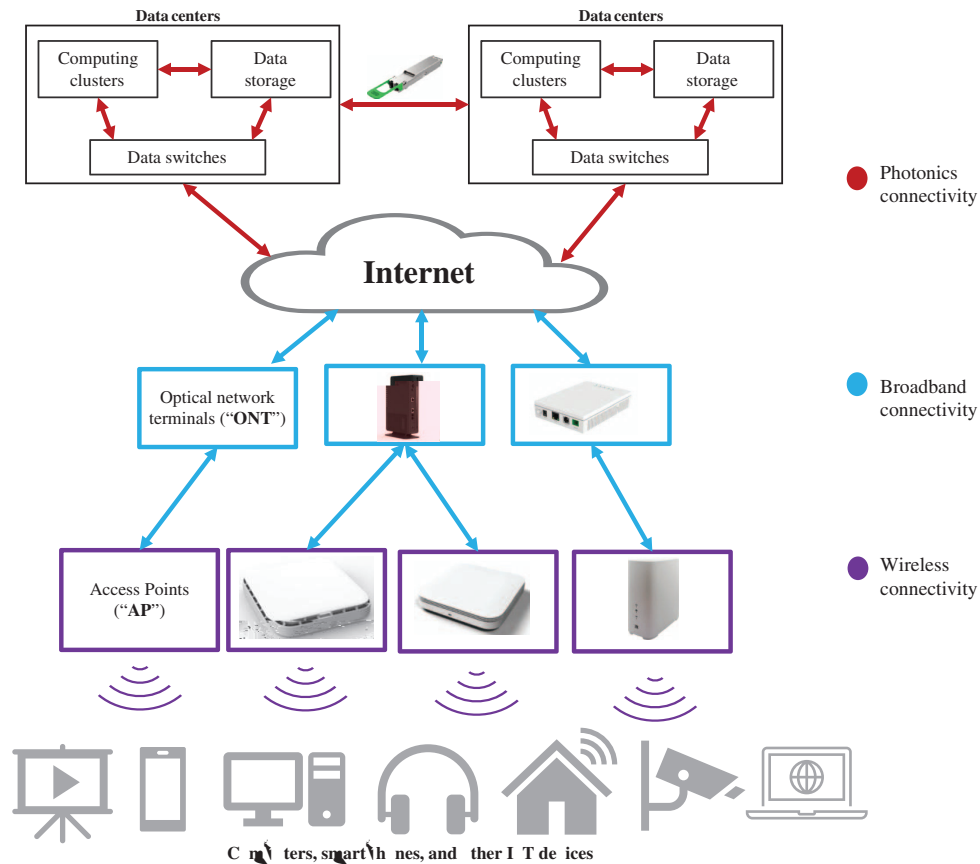
---

In relation to our broadband products, with respect to XGS PON products, which form a part of the mainstream in relation to 10GPON products in the wired broadband sector, our XGS PON products accounted for over 30% of the global 10GPON market by shipping volume as of December 31, 2024. We were among the first worldwide to achieve mass production of 25GPON and to pioneer the deployment of 50GPON. As of the Latest Practicable Date, our 25GPON was the fastest mass-produced product globally, while 50GPON is poised to become the next generation mainstream technology. We are also contributing to the early-stage evaluation of 100GPON, reinforcing our role in shaping the future of broadband.

In relation to our wireless products, our portfolio includes Wi-Fi products for unlicensed spectrum ideal for households and small businesses and small cell products for licensed spectrum applications such as cellular services and broadcasting. We were among the first in the global OWCD industry to develop and mass-produce Wi-Fi 7 products, which offer high bandwidth, fast transmission speeds, and low latency. In partnership with Google Fiber, we launched the industry's first 20G uplink Wi-Fi 7 gateway for home and small business users, delivering network services exceeding 10Gb/s. We are also actively developing Wi-Fi 8, the next-generation mainstream product.

In relation to our photonics products, our portfolio, which spans 100G, 400G, 800G, and 1.6T interconnection speeds, is adaptable to a wide range of industry standard form factors. We were among the first globally to deploy 800G and 1.6T photonics products. Our pioneering work in silicon photonics enables high transmission rates with low cost and power consumption critical for supporting the exponential growth in computational power. We are also advancing Linear-drive Pluggable Optics (“LPO”) technology, which offers low power consumption, low latency, and high performance, making it ideal for AI models and data centers. To complement this, we are developing immersion liquid-cooled photonics to enhance server efficiency and thermal management. Additionally, we are working on our packaged laser and silicon photonics engine (i.e., ELS, external light source) for Co-Packaged Optics (“CPO”) technology, which integrates the network and photonic engine into a single slot, drastically reducing signal transmission distance and latency ideal for AI training and inference.

The following diagram illustrates a scenario that demonstrates the applications of our products within a network system:



## Our R&D capabilities

We believe that continuous investment in R&D is a key to maintaining our current level of success. Our R&D team comprised 673 members, representing over 50% of our total workforce as of June 30, 2025. Our core team and R&D staff are drawn from institutions. Our R&D expenses represented 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue for 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively. Additionally, our cumulative R&D investments during the Track Record Period exceeded RMB1.4 billion. As of June 30, 2025, we have R&D centers in China, the United States, and Japan. Our R&D team operates across multiple centers worldwide. They will regularly engage in cross-functional teams, sharing insights and expertise. We believe that this collaboration is essential in strengthening our product development capabilities and intellectual property portfolio. We also believe that our current success and our market position is attributable to our product development strategy, which revolves around researching one generation, developing one generation, and producing one for research or producers, mit (for) -fQindu2 (srly) -fQ (strdsly) -fQ3 (and) -fQin creative

---

## BUSINESS

---

products in development, we focus on refining and optimizing the designs to ensure they meet the highest standards of performance and reliability. For mass-produced products, we continuously invest in R&D to enhance cost efficiency and maintain the competitiveness of our core offerings.

### **Our manufacturing capabilities**

We primarily manufacture our products via (i) our co-location manufacturing model; and (ii) our in-house manufacturing facilities. Under our co-location manufacturing model we are responsible for the product design, key materials, core machinery, processes, and overall management, while our co-location partners provide the factory space, workforce, basic machinery, assistance on logistics and procurement, and handle local regulations. This setup gives us better control over quality and consistency across all production sites. It also allows us to quickly shift or scale production based on market needs. As we do not need to invest heavily in co-location manufacturing facilities, we can expand more efficiently while still maintaining high standards. We also benefit from our co-location partners' experience and logistics networks, which help us deliver products faster to nearby customers. As of the Latest Practicable Date, we had entered into agreements with three co-location partners in China, and three overseas, namely in Malaysia, the United States, and Europe. In addition, our in-house manufacturing facilities (with the first one located in Shanghai and has been in operation since 2014, and the new facility located in Jiashan, near Shanghai, which has been in operation from July 2025) are also considered essential to our production capabilities. We conduct pilot runs in-house to optimize processes before replicating them at co-location sites, and we maintain some production in-house as a benchmark for co-location operations. By leveraging the intelligent manufacturing experience accumulated at our in-house facility, we have been able to replicate our core production technologies and standardized production processes at our global co-location sites, and quickly expand on our manufacturing capacity and capabilities.

### **Our presence overseas and in China**

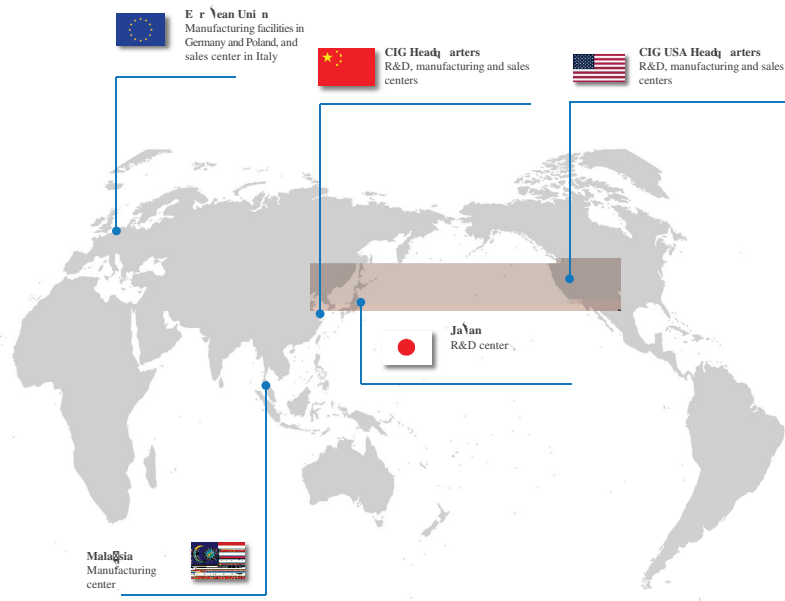
We are a company with a presence overseas and in China. Over the years, we have set up six R&D centers in China, the United States, and Japan, engaged in multiple co-location manufacturing arrangements with co-location partners in China, the United States, the European Union, and Malaysia, and deployed sales personnel, across multiple countries and regions.

---

## BUSINESS

---

The following diagram highlights our R&D, manufacturing and sales layout overseas and in China as of June 30, 2025:



We have also expanded our footprint through strategic acquisitions such as photonics assets and R&D teams from MACOM and Lumentum, and software capabilities from Actiontec. As of June 30, 2025, our customer base spanned across 52 countries and regions, serving the world's top five ICT equipment providers, and a majority of our revenue is generated from overseas markets. For 2022, 2023, and 2024, and the six months ended June 30, 2025, our revenue generated from overseas markets represented 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively.

### Our market opportunities

According to F&S, the global OWCD market encompasses a comprehensive suite of devices essential for the optical communication and wireless networking industry, including photonics, wired broadband access, and wireless network access devices. From 2020 to 2024, the global sales revenue of the OWCD industry increased from USD32.4 billion to USD54.6 billion, with a CAGR of 13.9%. It is projected to reach USD111.8 billion by 2029, representing a CAGR of 15.4% from 2024 onwards. Moreover, in relation to the market for broadband products, most notably, PON devices, the global market size for PON devices by sales revenue increased from USD6.2 billion in 2020 to USD7.8 billion in 2024, with a CAGR of approximately 5.8%, and is projected to reach USD11.9 billion in 2029, with a CAGR of approximately 8.8% from 2024. In relation to the market for Wi-Fi products, the global market size for Wi-Fi devices, the global sales revenue of Wi-Fi devices rose from USD13.7 billion in 2020 to approximately USD16.7 billion in 2024, with a CAGR of around 5.1%, and is

projected to reach USD21.2 billion in 2029, with a CAGR of 4.9%. In relation to photonics products, global sales revenue of photonics rose from USD11.2 billion in 2020 to USD17.8 billion in 2024, with a CAGR of 12.2%, and is expected to reach USD41.5 billion in 2029 with a CAGR of 18.5%.

Furthermore, the recent growth of AI applications has created a challenge for the industry in which we operate: to ensure that there is enough computational power and data transmission capacity to meet future needs. This issue has drawn an interest in connectivity solutions that ensure fast, low-latency, and high-capacity data transmission to support the future of AI development. According to F&S, the following sets forth some notable developments in this era of AI advancement:

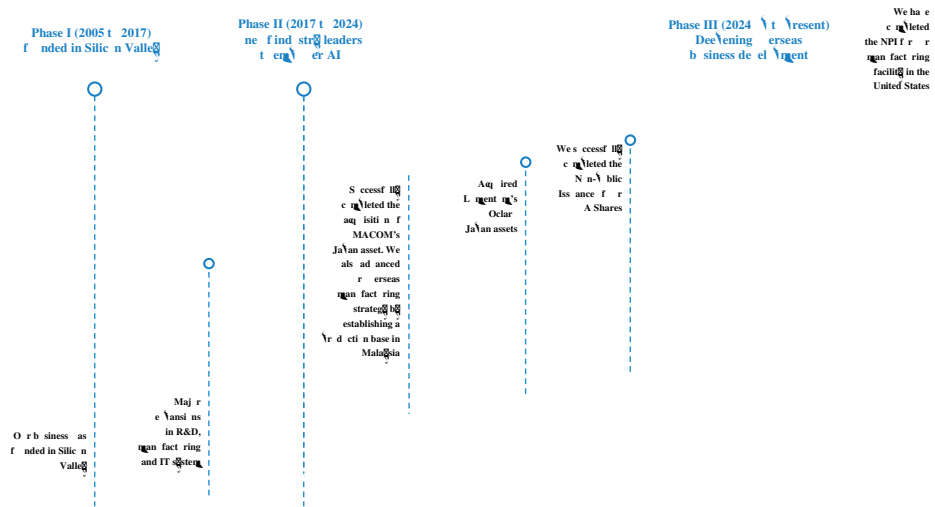
- ***Large-scale investments in infrastructure and government support*** : It is estimated that there will be significant investments in infrastructure in the coming years. For instance, in 2025, the United States government launched the “Stargate Initiative” to expand the country’s infrastructure that supports the development of AI, with a commitment to invest USD500 billion over the next four years. Additionally, F&S estimates that global tech giants are projected to invest over USD400 billion in AI infrastructure within the next three years. Similarly, the PRC has introduced a series of supportive policies, such as the “Guidance on the Construction of National Data Infrastructure”, “Guideline for the Establishment of the National Comprehensive Standardization System for the AI Industry (2024 Version)” and “Implementation Opinions of Seven Ministries Including the MIIT on Promoting the Innovative Development of Future Industries”.
- ***Decentralization of computing networks*** : The decentralization of computing networks driven by lightweight AI models has increased the accessibility of AI technology. This is largely due to the development of lightweight large models and open-source ecosystems. For instance, in China, the creation of a particular open-sourced AI has immediately spurred more AI growth. This advancement empowers small and medium-sized enterprises globally to develop their own AI models and establish local data centers, thereby diminishing their dependence on external resources. As a result, this has driven the demand for small and medium-sized data centers.
- ***Proliferation of artificial intelligence*** : Recent increases in AI algorithm and reductions in related costs have facilitated the adoption of large AI models, thereby driving the demand for enterprise-grade broadband, wireless, and industrial IoT equipment.

For more information regarding our such market opportunities, please refer to the section headed “Industry Overview” in this Prospectus.

## Our milestones

Our history dates back to 2005, when our founder, Mr. Gerald G Wong, along with his colleagues, founded our telecommunication broadband access business in Silicon Valley, United States. Since then, we have continued to develop and expand our business operations.

The following sets forth key milestones throughout our history:



---

## BUSINESS

---

University, and Zhejiang University. Equally significant are the years of practical experience these professionals bring with them from top industry firms. Furthermore, we believe that our corporate culture fosters innovation and collaboration, which can empower our team to reach further success. To align employee interests with our long-term growth, we have implemented five restricted share and share option incentive schemes since 2018. As of the Latest Practicable Date, the 2024 Share Option Incentive Scheme was still in effect. Please refer to the section headed “Statutory and General Information — Our Share Incentive Schemes” in Appendix VI to this Prospectus for details.

As of June 30, 2025, we had 673 R&D personnel, accounting for over 50% of our total workforce. During the Track Record Period, our cumulative R&D investments exceeded RMB1.4 billion. Our dedicated R&D team operates across multiple R&D centers worldwide. We believe that such commitment contributes to our product development capabilities and our intellectual property portfolio. As of the Latest Practicable Date, we hold over 410 valid patents and through our strategic acquisitions, we have gained access to over 580 patents via licensing agreements, in China and overseas.

### **We are well-positioned in the OWCD market to capture future growth opportunities.**

We believe that we are strongly positioned in the global OWCD industry, with a robust presence across broadband, wireless, and photonics. Our leadership is not only reflected in our current product portfolio but also in the next-generation technologies we are actively developing. According to F&S, the global OWCD market which includes photonics, broadband, and wireless devices expanded from USD32.4 billion in 2020 to USD54.6 billion in 2024 (at a CAGR of 13.9%) and is expected to reach USD111.8 billion by 2029 (at a CAGR of 15.4%). With our comprehensive product portfolio, deep technical expertise, and commitment to innovation, we are exceptionally well-positioned to capture the full spectrum of growth opportunities in this rapidly evolving industry. This comprehensive strength enables us to align closely with market trends and seize the substantial growth opportunities ahead.

- ***In broadband***, with respect to XGS PON products, which form part of the mainstream in relation to 10GPON products in the wired broadband sector, our XGS PON products accounted for over 30% of the global 10GPON market by shipping volume as of December 31, 2024. We were among the first worldwide to achieve mass production of 25GPON and to pioneer the deployment of 50GPON. As of the Latest Practicable Date, our 25GPON was the fastest mass-produced product globally, while 50GPON is poised to become the next-generation mainstream technology. We are also contributing to the early-stage evaluation of 100GPON, reinforcing our role in shaping the future of broadband. According to F&S, the global PON device market grew from USD6.2 billion in 2020 to USD7.8 billion in 2024 (at a CAGR of 5.8%) and is projected to reach USD11.9 billion by 2029 (at a CAGR of 8.8%), as the latest broadband products can act as the future access terminals in the world’s critical infrastructure that supports AI development. Our strong market share and forward-looking R&D position us to lead this growth and capture such opportunities in relation to the development of AI.

---

## BUSINESS

---

- ***In i ele*** , our portfolio includes Wi-Fi products for unlicensed spectrum ideal for households and small businesses and small cell products for licensed spectrum applications such as cellular services and broadcasting. We were among the first in the global OWCD industry to develop and mass-produce Wi-Fi 7 products, which offer high bandwidth, fast transmission speeds, and low latency. In partnership with Google Fiber, we launched the industry's first 20G uplink Wi-Fi 7 gateway for home and small business users, delivering network services exceeding 10Gb/s. We are also actively developing Wi-Fi 8, the next-generation mainstream product. According to F&S, the global Wi-Fi device market grew from USD13.7 billion in 2020 to approximately USD16.7 billion in 2024 (at a CAGR of 5.1%) and is expected to reach USD 21.2 billion by 2029 (at a CAGR of 4.9%), as the latest Wi-Fi products (such as Wi-Fi 7 and 8) can serve as the world's future terminal infrastructure for AI applications. Our early leadership in Wi-Fi 7 and ongoing R&D in Wi-Fi 8 ensure we are well-positioned to meet the rising demand for faster, more reliable wireless connectivity, and capture any growth opportunities in relation to the development of AI technologies.
- ***In ho onic*** , our portfolio, which spans 100G, 400G, 800G, and 1.6T interconnection speeds, is adaptable to a wide range of industry-standard form factors. We were among the first globally to deploy 800G and 1.6T photonics products. Our pioneering work in silicon photonics enables high transmission rates with low cost and power consumption critical for supporting the exponential growth in computational power. We are also advancing LPO technology, which offers low power consumption, low latency, and high performance, making it ideal for AI models and data centers. To complement this, we are developing immersion liquid-cooled photonics to enhance server efficiency and thermal management. Additionally, we are working on packaged laser and silicon photonics engines for CPO technology, which integrates the network and photonic engine into a single slot, drastically reducing signal transmission distance and latency ideal for AI training and inference. According to F&S, the global photonics market grew from USD11.2 billion in 2020 to USD17.8 billion in 2024 (at a CAGR of 12.2%) and is projected to reach USD41.5 billion by 2029 (at a CAGR of 18.5%), as the latest photonics technology is considered crucial for the development of the world's critical infrastructure for AI computational models. Our leadership in advanced photonics technologies positions us at the heart of this high-growth segment and capture any growth opportunities in relation to the development of AI technologies.

---

## BUSINESS

---

### **We are a company with a presence overseas and in China.**

Our capabilities and overseas expansion strategy have enabled us to establish a comprehensive structure across R&D, production, supply chain, and sales. By leveraging available resources, we have maintained competitiveness in technology, products. This approach has helped us remain differentiated within the OWCD industry. In particular:

- **R&D:** We operate R&D centers in China, the United States, and Japan, with local teams that collaborate across regions. These teams complement each other's strengths to support product and technology development. For example, our Silicon Valley R&D center works with the local sales team to stay aligned with customer needs in the United States. Our Japan center maintains communication with optical chip suppliers, while our China centers focus on photonics-related areas such as thermal and RF simulation, reliability testing, and software development. Some R&D staff also visit our Malaysia site to support manufacturing-related projects.
- **Production and Supply Chain:** Our co-location manufacturing model supports operations in China, Malaysia, Europe, and the United States. Drawing on experience from our in-house facility, we replicate core technologies and standardized processes at co-location partner sites. This helps manage costs, adjust capacity based on market conditions, and address regional risks and policy changes.
- **Market Penetration:** As of June 30, 2025, we served customers in 52 countries and regions across six continents. Our sales team and product range allow us to pursue opportunities in various markets. We also locate R&D teams near key customers to better understand their needs and support timely product development.
- **Strategic Acquisition:** Acquisitions have played a key role in shaping our operations. In 2018, we acquired part of MACOM Japan's assets, entering the TOSA and ROSA sub-assembly segment. In 2019, we expanded further by acquiring part of Lumentum's Oclaro Japan assets. In 2022, we acquired Actiontec, strengthening our R&D and sales presence in North America. These acquisitions have contributed to the evolution of our operational capabilities.

### **Our success has been driven by flexible and efficient business models.**

We provide customized products to our customers under flexible service models, namely, our JDM and ODM models, both being commonly adopted models in the industry in which we operate. Under our JDM model, we collaborate with top global customers in product R&D and design, forming long-term and close partnerships. On the other hand, our ODM model, requires comprehensive hardware and software R&D capabilities. Under this model, we independently develop equipment hardware and software, with the products sold under a customer's brand.

---

## BUSINESS

---

We believe that with our expertise and experience, we are able to adopt such business models which are built on the foundation of the trust we earned from our customers over the years. This enables us to better serve our customers and maintain a competitive edge in the market. According to F&S, during the Track Record Period, our customers included the world's top five information and communication technology equipment providers. One of them is a leading global communication equipment provider, and another being a leading global technology giant. The average duration of cooperation with our five largest customers in each year/period of the the Track Record Period exceeded ten years.

We maintain an open-minded and innovative approach to our business models. For instance, in certain advantageous regions and market segments, we are exploring the promotion of our own brands as an enhancement to our ODM model. Additionally, we have endeavored to empower our partners in North America through IP licensing arrangements, manufacturing support, technical assistance, and other potential methods. This enables us to offer supply chain diversification to prospective customers and markets, particularly in areas where we encounter significant geopolitical challenges. We remain adaptable and flexible in modifying our business models efficiently and effectively to maximize the benefits for our business.

**We are capable of, and have successfully, scaled-up our manufacturing capabilities on a global scale.**

Our intelligent manufacturing capabilities are the foundation for achieving efficient, stable, and replicable mass production. Our in-house facility, which is integrated with IT and automated technologies, serves as a benchmark for intelligent manufacturing. It has received awards and recognitions such as being recognized as the Innovative Enterprise Headquarters of Shanghai, the Shanghai Intelligent Factory and Shanghai Top 100 Manufacturing Enterprises. In addition, our new in-house facility in Jiashan, near Shanghai, has been in operation from July 2025. According to F&S, we were among the first in the global OWCD industry to establish intelligent manufacturing facilities. Such intelligent manufacturing expertise accumulated at our in-house facility can be easily and rapidly replicated at our overseas locations. This is achieved through our co-location manufacturing model, upon which we would utilize co-location partners' resources, provide core management personnel and equipment, and replicate our intelligent manufacturing capabilities, by achieving efficient control of core processes. Under this model, we can ensure that our co-location partners and our in-house facilities will use identical production processes and intelligent manufacturing systems, achieving the full-process control of production worldwide.

### OUR FUTURE STRATEGIES

We are committed to preserving our status as market leaders and to fostering our financial and operational expansion via these future strategies:

**We plan to continue attracting top global talent to enhance our overall competitiveness.**

We firmly acknowledge that international talents are invaluable assets to our organization. Over the years, we have attracted talents with industry experience from around the world. This approach has enabled us to maintain our core competitiveness and achieve consistent performance growth since our establishment. We believe that the diverse perspectives and expertise brought by these international talents have been instrumental in our sustained success. Moreover, our commitment to fostering a diverse workforce is unwavering, and we actively promote inclusivity and fairness within our working environment. It is our objective to ensure that every employee can realize their full potential, thereby driving the continuous success of our Company.

Looking ahead, we plan to continue attracting top international talents and expanding our team to further enhance our overall competitiveness. By leveraging the unique skills and experiences of a diverse workforce, we aim to remain to continue to deliver value to our stakeholders. To do so, we plan to use 5.5% of our net proceeds, or HK\$90.0 million, for the recruitment of 30 to 50 R&D professionals, covering all the fields in relation to photonics, broadband and wireless technologies. For further details, please refer to the section titled “Future Plans and Use of Proceeds” in this Prospectus. Our long-term vision is to create an inclusive environment where every individual feels valued and empowered to contribute to our collective success.

**We will increase our R&D investment to maintain our competitive edge.**

We believe that continuous investment in R&D is essential for maintaining the competitiveness of our products. Since our inception, we have established a robust three-tier system for product R&D, encompassing research, development, and mass production. Our core development philosophy revolves around researching one generation, developing one generation, and mass producing one generation. This systematic approach enables us to continuously advance the productization of strategic reserve technologies, explore new markets, and launch mass-produced products that meet customer needs while maintaining strong competitive advantages.

Moving forward, we plan to use 9.5%, or HK\$155.4 million, of our net proceeds to support the continued R&D of our manufacturing technologies through acquiring advanced machinery and software. We also plan to use 5.0%, or HK\$81.8 million, of our net proceeds for the acquisition of essential materials to support our R&D efforts. For further details, please refer to the section titled “Future Plans and Use of Proceeds” in this Prospectus.

In addition, we have begun implementing AI-enhanced manufacturing processes and quality control mechanism, and we plan to continue expanding these initiatives. By integrating AI into our operations, we aim to enhance efficiency, precision, and overall product quality. Furthermore, we will continue to look for the latest technologies to stay ahead in the global OWC industry. This proactive strategy ensures that we can leverage our technological advancements to sustain our growth.

The following illustrates our future R&D direction in relation to our products and products:

- **Broadband** : We plan to increase R&D investment towards the technological evolution of 50GPON and 100GPON, thereby continuously leading industry development and consolidating our leading position.

---

## BUSINESS

---

at our facilities as well as our current and future co-location partners' facilities. This includes procuring and installing machinery and software tailored to the following types of products we manufacture, and to collaborate with our co-location partners to increase the production capacity. For further details, please refer to the section titled "Future Plans and Use of Proceeds" in this Prospectus. This strategic focus will ensure that we can deliver exceptional value and maintaining our competitive edge. Moreover, by driving an efficiency-oriented innovation strategy, our intelligent manufacturing capabilities will remain capable of supporting the implementation of our future overseas expansion production strategies.

### **We plan to further expand our sales network.**

The global ICT infrastructure market is experiencing varying levels of advancement, with governments globally consistently unveiling large-scale digital infrastructure initiatives. According to F&S, the global markets for PON devices, Wi-Fi devices, and optical modules are projected to reach USD11.9 billion, USD21.2 billion, and USD41.5 billion respectively by 2029. As different categories of fundamental telecommunications products continue to be updated and iterated, regional development disparities present structural growth opportunities for our diverse product portfolio.

As of June 30, 2025, our sales and marketing layout comprised a total staff size of 83, spanning across Asia, Europe and the United States. Looking forward, we intend to further expand our global sales network. To do so, we plan to use 4.7%, or HK\$76.9 million, of our net proceeds to enhance our sales and marketing team's capabilities. This includes expanding the size of our sales and marketing team, improving their sales and marketing skills, and other general marketing activities. We also plan to use 0.3%, or HK\$4.9 million, of our net proceeds to enhance our brand and reputation through increasing our memberships to industry associations and expand our market exposure and improve our customer reach by increasing our participation at global industry events. For further details, please refer to the section titled "Future Plans and Use of Proceeds" in this Prospectus. Our objective is to capture the substantial growth opportunities available in various countries worldwide. By leveraging our strengths in cost efficiency and technological innovation, we aim to meet the diverse needs of our global clientele and respond effectively to the complexities of international markets. This strategic expansion will enable us to maintain our competitive edge and drive sustained growth in the ever-evolving telecommunications industry.

### **OUR PRODUCTS**

Since our inception, we have been dedicated to providing customized products to meet the needs of our customers. Our offerings comprise the provision of connectivity products, as well as integrated solutions that encompass product design and development, as well as the necessary software and support services to ensure effective implementation.

During the Track Record Period, we have been primarily designing, developing, and selling (i) broadband products; (ii) wireless products; and (iii) photonics products to our customers.

## BUSINESS

The following tables set forth a breakdown of our sales volume, revenue, gross profit, and gross profit margin by such types of products for the years/periods indicated:

	For the year ended December 31,																	
	2022				2023				2024									
	Sales volume		Revenue		Gross profit margin		Sales volume		Revenue		Gross profit margin							
	Units '000	%	RMB '000	%	RMB '000	%	Units '000	%	RMB '000	%	RMB '000	%						
Broadband products . . . . .	10,169	74.0	2,059,278	54.5	306,581	14.9	7,559	77.6	1,827,146	59.2	356,432	19.5	9,580	74.7	2,032,689	55.7	377,832	18.6
Wireless products . . . . .	2,018	14.7	1,056,051	27.9	210,583	19.9	1,220	12.5	718,518	23.3	165,042	23.0	2,570	20.0	1,052,400	28.8	259,054	24.6
Photonics products . . . . .	890	6.5	478,215	12.6	131,886	27.6	587	6.0	446,680	14.5	130,166	29.1	356	2.8	491,527	13.5	119,063	24.2
Others <sup>(1)</sup> . . . . .	671	4.8	190,195	5.0	39,585	20.8	376	3.9	93,018	3.0	12,455	13.4	319	2.5	73,273	2.0	6,298	8.6
<b>Total/overall . . . . .</b>	<b>13,748</b>	<b>100.0</b>	<b>3,783,739</b>	<b>100.0</b>	<b>688,635</b>	<b>18.2</b>	<b>9,742</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>664,095</b>	<b>21.5</b>	<b>12,825</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>762,247</b>	<b>20.9</b>

*Note:*

1. Primarily included carrier-grade ethernet switches and edge computing products.

## BUSINESS

For the six months ended June 30,

	2024				2025							
	Sales volume		Revenue		Gross profit margin		Sales volume		Revenue		Gross profit margin	
	Units '000	%	RMB '000	%	RMB '000	%	Units '000	%	RMB '000	%	RMB '000	%
Broadband products . . . . .	5,143	77.4	975,732	55.4	199,613	20.5	5,286	80.4	1,192,642	58.6	229,259	19.2
Wireless products . . . . .	1,228	18.5	551,193	31.3	143,647	26.1	928	14.1	415,166	20.4	84,915	20.5
Photonics products . . . . .	120	1.8	202,041	11.5	39,805	19.7	247	3.8	394,216	19.4	127,602	32.4
Others <sup>(1)</sup> . . . . .	153	2.3	32,442	1.8	101	0.3	117	1.7	31,999	1.6	2,804	8.8
<b>Total/overall . . . . .</b>	<b>6,644</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>383,166</b>	<b>21.8</b>	<b>6,578</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>	<b>444,580</b>	<b>21.9</b>

(Una dited)

Note:

1. Primarily included carrier-grade ethernet switches and edge computing products.

## BUSINESS

In general, fluctuations in our revenue during the Track Record Period were primarily driven by changes in industry-wide demand, while our international expansion strategy supported revenue growth in specific markets. In 2023, our revenue declined due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand. However, in 2024, this deferred demand materialized, leading to a robust rebound in sales. This recovery was further bolstered by our intensified international sales efforts, particularly in the United States and Europe, where we expanded our commercial presence and developed stronger customer relationships. Overall, our total sales volume decreased from 13.7 million units in 2022 to 9.7 million units in 2023, and recovered to 12.8 million units in 2024. Similarly, our total revenue decreased from RMB3,783.7 million in 2022 to RMB3,085.4 million in 2023, then increased to RMB3,649.9 million in 2024 and our revenue increased from RMB1,761.4 million to RMB2,034.0 million for the six months ended June 30, 2024 and 2025.

To a lesser extent, we also generated a part of our income from the sale of other devices, namely carrier-grade ethernet switches and edge computing products. These products are mainly used for high-performance network routing, data processing at the network edge, and real-time analytics, and are mostly used by customers in the telecommunications, industrial automation, and enterprise IT infrastructure industries. During the Track Record Period, the sales volume of such products decreased from 0.7 million units to 0.4 million units, 0.3 million units, and 0.1 million units, respectively.

Our average selling price (“ASP”) is calculated by dividing the revenue generated by our key product lines by the total sales volume of each product line. Each product line may comprise over hundreds of products, which may vary significantly in terms of pricing, customer type, and timing of sales. During the Track Record Period, we did not experience a concentration of revenue derived from any single product, with our top one product contributing 10.9% of our total revenue for 2024. Given the wide variety of our products, we adopt pricing strategies that are tailored to market conditions and customer needs. These strategies are designed to safeguard and enhance our profitability. The following sets forth a breakdown of the ASPs of our key product categories for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>	<i>RMB/ nit</i>
Broadband products . .	202.5	241.7	212.2	189.7	225.6
Wireless products . . .	523.3	588.9	409.5	448.8	447.4
Photonics products . .	537.3	761.0	1,380.7	1,682.3	1,595.7
Others . . . . .	283.5	247.4	229.7	212.0	274.6
<b>Overall . . . . .</b>	<b><u>275.2</u></b>	<b><u>316.7</u></b>	<b><u>284.6</u></b>	<b><u>265.1</u></b>	<b><u>309.2</u></b>

---

## BUSINESS

---

- Our broadband products saw an increase in ASP from RMB202.5 per unit in 2022 to RMB241.7 in 2023, followed by a decline to RMB212.2 in 2024. This fluctuation was primarily due to a shift in product mix toward newer, higher-functionality models in 2023 (such as 10G PON devices), which allowed for higher pricing, while in 2024, as the upgraded products entered broader commercial deployment, the unit price declined slightly. For the six months ended June 30, 2024 and 2025, such ASP increased from RMB189.7 to RMB225.6.
- Our wireless products followed a similar pattern, rising from RMB523.3 in 2022 to RMB588.9 in 2023 as we launched Wi-Fi-6E devices. The decline in 2024 was largely driven by market conditions. For the six months ended June 30, 2024 and 2025, such ASP remained stable.
- Our photonics products, on the other hand, showed a strong upward trend, with ASPs increasing from RMB537.3 in 2022 to RMB761.0 in 2023, and then surging to RMB1,380.7 in 2024. This was mainly due to the successful rollout of advanced, high-value photonics products that met growing demand for cutting-edge optical technologies. This sustained increase was also driven by growing shipments of 400G products throughout 2023 and 2024. As the product line continues to evolve and upgrade, the higher-performance 400G offerings have contributed to a higher overall ASP. For the six months ended June 30, 2024 and 2025, such ASP decreased from RMB1,682.3 to RMB1,595.7.

### **Broadband products**

We have been involved in the design, production, and sale of broadband products based on passive optical network (“**PON**”) technologies. PON is an all-optical fiber network infrastructure that utilizes a point-to-multipoint configuration, allowing a single optical fiber to serve multiple residences. This architecture employs passive, unpowered optical splitters to connect to residential, commercial, or industrial premises, thereby reducing equipment costs compared to point-to-point networks.

Our broadband products provide users with stable and high-speed network access, forming the foundational support for digital connectivity. They ensure stable data transmission over long distances without interference from external wireless signals, offering reliable network connections for homes, businesses, and institutions. Such products are applicable in the fields of (i) FTTH and FTTB deployments; (ii) multi-gigabit broadband infrastructure for residential and commercial use; and (iii) telecom and ISP backbone upgrades. Customers to whom we provide such products may include telecommunications operators and Internet service providers, municipal broadband providers; or large residential property developers or campus network operators. These customers use broadband products to deliver high speed, stable internet access to end-users, often in densely populated urban or suburban area. Additionally, PON technologies play a crucial role in the development of smart cities, providing a dependable network foundation for intelligent transportation, smart security, and environmental monitoring. Over the past two decades, we have advanced the industry from the

---

## BUSINESS

---

1G/2.5G generation of GPON and EPON to the 10GPON generation and beyond. This progress not only enhances the quality and performance of connectivity for residential and enterprise applications but also facilitates the integration of newly developed AI technologies from remote data centers into daily life. Our continuous innovation ensures that our broadband products meet the needs of our customers and the broader digital ecosystem.

According to F&S, the global OWCD market encompasses a comprehensive suite of devices essential for the optical communication and wireless networking industry, including photonics (optical transceivers/optical modules), wired broadband access, and wireless network access devices. From 2020 to 2024, the global sales revenue of the integrated OWCD industry increased from USD32.4 billion to USD54.6 billion, with a CAGR of 13.9% and is expected to reach USD111.8 billion by 2029, representing a CAGR of 15.4% from 2024. We believe that we are well-positioned in the industry in which we operate, with our connectivity products and the technologies that we are currently developing, to capture the future growth opportunities in this market.

During the Track Record Period, we sold 10.2 million, 7.6 million, 9.6 million, and 5.3 million broadband products, with a sales revenue of RMB2,059.3 million, RMB1,827.1 million, RMB2,032.7 million, and RMB1,192.6 million, respectively.

In general, products under our broadband portfolio cover these three types of PON:

### ***50G/25GPON***


50G/25GPON technology is the latest in PON technology. Our 25GPON supports configurations such as 25Gb/s symmetrical and 25Gb/s downstream with 10Gb/s upstream. Meanwhile, our 50GPON primarily offers two configurations: 50Gb/s symmetrical, 50Gb/s downstream with 25Gb/s upstream. Our 25GPON products are in field trials with key customers; we have volume orders from at least one customer, aiming for commercial deployment by late 2025. Although the industry standard for 50GPON has just been finalized recently in 2024, we are actively collaborating with industry partners on early-stage R&D, and we aim to launch our 50GPON products within the timeframe of 2026/2027.

---

## BUSINESS

---

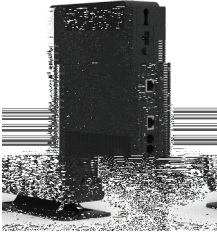
Among the numerous types of products in our portfolio, the following table sets forth the details of our 50G/25GPON products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

Product type	Product picture and name	Product features
50GPON . . . . .	 <p data-bbox="531 580 711 608"><i>50GPON ONT</i></p>	<p data-bbox="951 431 1367 1221">Our 50GPON product offers high-speed internet connections designed to meet modern digital demands. On the local network side, it features a 25GE optical interface and two 10GE electric interfaces. For wider network connections, it provides either a 50Gb/s-25Gb/s asymmetric PON interface or a 50Gb/s-50Gb/s symmetric interface. This product is ideal for ultra-high-definition video, immersive video, cloud services for small and medium enterprises, AI applications, 5G wireless transport, and smart power grids due to its advanced security capabilities.</p>

---

## BUSINESS

---

Product type	Product picture and name	Product features
25GPON . . . . .	 <p data-bbox="533 532 710 559"><i>25GPON ONT</i></p>	<p>Our 25GPON product is designed to provide high-speed internet connections. On the local network side, it features one 25GE optical interface and one 10GE electric interface, ensuring fast data transfer within your network. For wider network connections, it offers a symmetric interface with 25Gb/s for both downloading and uploading data. This product is ideal for ultra-high-definition video, immersive video experiences, cloud services for small and medium enterprises, AI applications, and 5G wireless transport. It ensures that all these demanding applications run smoothly and efficiently.</p>

### ***XGS-PON/10G EPON***



Simply put, XGS-PON is an advanced version of GPON that supports 10Gb/s speeds for both upstream and downstream, and is widely adopted by telecom and Internet service providers. Similarly, 10GEPON is the advanced version of EPON, also supporting 10Gb/s speeds, and is mainly adopted by MSOs and cable network operators.

---

## BUSINESS

---



Among the numerous types of products in our portfolio, the following table sets forth the details of our XGS-PON/10G EPON products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

Product type	Product picture and name	Product features
XGS-PON . . . . .	 <i>SFU</i>	Our XGS-PON products come in two port configurations, namely single-port and multi-port, and some of them are equipped with a Wi-Fi button and a Wi-Fi protected setup button, integrating Wi-Fi 6 technology for high-speed wireless networking. The XGS-PON products feature equal upload and download speeds, making them ideal for video conferencing, high-definition content streaming, and large file uploads.
10G EPON . . . . .	 <i>SFU</i>	Our 10G EPON products come in two port configurations, namely single-port and multi-port, and are available with both symmetrical and asymmetrical options. Such products are ideally used in high speed internet access, high-definition video, real-time video and voice as well as AI applications of different devices.

***GPON/EPON***

GPON and EPON are two types of PON technologies used for delivering high-speed internet, voice, and video services over fiber optic cables. GPON is standardized by the International Telecommunication Union (“ITU-T”) and uses asymmetrical data rates of 2.5Gb/s downstream and 1.25Gb/s upstream. This means it can deliver high download speeds compared to upload speeds. GPON is widely deployed in Europe and parts of Asia, often used by telecom operators who require high-speed internet and triple-play services (i.e., data, voice, and video). EPON is standardized by the Institute of Electrical and Electronics Engineers (“IEEE”). It uses Ethernet frames for all types of data, making more compatible with existing Ethernet networks. EPON provides symmetrical data rates of 1Gb/s for both downstream and upstream, offering equal speeds for both directions. It is commonly deployed in North America, favored by cable operators and internet service providers due to its compatibility with existing ethernet infrastructure.



Among the numerous types of products in our portfolio, the following table sets forth the details of our GPON/EPON products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

<b>Product type</b>	<b>Product picture and name</b>	<b>Product features</b>
GPON ONT . . . .	 <i>m ltip le d elling nits</i> ( <b>MDU</b> ) (G-300)	We offer single-port MDU products designed for fiber-to-the-building applications, which can cost-effectively serve many users simultaneously.
	 <i>residential gate a nit</i> ( <b>RGU</b> ) (G-97RG9)	We primarily offer RGU products designed with an integrated enhanced gateway function, which can deliver superior home networking services in one box.

---

## BUSINESS

---

Product type	Product picture and name	Product features
	 <i>single family unit ( SFU )</i> <i>(G-97V3)</i>	<p>Our SFU products come in two port configurations, namely single-port and multi-port, and some of them are equipped with a triplexer to enhance functionality and support multiple frequency bands. Such products are designed for the fiber-to-the-home applications.</p>
GPON SFP . . . .	 <i>small form pluggable ( SFP )</i> <i>(G-97S)</i>	<p>We primarily offer SFP products with SC connectors and SFF 8472 two-wire interfaces, suitable for end-users with routers equipped with SFP cages to ease the addition of high-speed GPON access. Such products are ideally used in home router with SFP cage and Ethernet Switch with SFP cage. By doing this, the home router and Ethernet Switch can be transitioned to GPON terminal and access the high-speed PON network.</p>

### Wireless products

Our wireless products serve a broad customer base, including (i) major telecommunication operators aiming to improve their network infrastructure and service offerings; (ii) system integrators aiming to create comprehensive, customized network deployments for various clients; and (iii) equipment manufacturers. Network solutions providers have also worked with us to develop innovative networking solutions that will set the latest industry standards. In general, our wireless products comprise (i) Wi-Fi products designed for the free/unlicensed spectrum, which is particularly suitable for the connectivity needs of households and small businesses; and (ii) small cell products that can help build RANs operating in the licensed spectrum, used for tightly controlled activities such as cellular services, radio stations, and television broadcasts. Such products are used to provide seamless, high-speed wireless coverage across complex environments, supporting high device density and low-latency applications, and they are applicable in the fields of (i) smart home and smart office environments; (ii) enterprise and campus wireless networking; and (iii) hospitality, retail, and public venue connectivity.

---

## BUSINESS

---

According to F&S, the global Wi-Fi device industry, encompassing routers, APs, gateways, and other wireless equipment, has grown steadily due to rising demand for faster, more reliable wireless connectivity across homes, businesses, and industries. From 2020 to 2024, global sales revenue of Wi-Fi devices rose from USD13.7 billion to approximately USD16.7 billion, with a CAGR of around 5.1%.

During the Track Record Period, we sold 2.0 million, 1.2 million, 2.6 million and 0.9 million wireless products, with a sales revenue of RMB1,056.1 million, RMB718.5 million, RMB1,052.4 million, and RMB415.2 million, respectively.

### *Wi-Fi Product*

Wi-Fi primarily operates in the unlicensed spectrum, which is free and open to the public. The unlicensed spectrum includes frequency bands such as 2.4 GHz, 5 GHz, and the recently opened 6 GHz band. The key advantage of using the unlicensed spectrum is that it allows for widespread and cost-effective deployment of Wi-Fi networks. However, because it is open to everyone, it can become crowded, leading to potential interference from other devices like Bluetooth gadgets, microwave ovens, and other Wi-Fi networks.


Our Wi-Fi product portfolio offers high-end enterprise-grade and carrier-grade Wi-Fi equipment for large-scale deployments, ensuring reliability, scalability, and security. We also offer intelligent home routers equipped with enhanced security protocols for a seamless home networking experience.

---

## BUSINESS

---


Among the numerous types of products in our portfolio, the following table sets forth the details of our Wi-Fi products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

Product type	Product picture and name	Product features
Wi-Fi mesh . . . .	 <p data-bbox="627 740 715 768"><i>WF-80x</i></p>	<p data-bbox="949 431 1366 661">Our portfolio of Wi-Fi mesh products covers Wi-Fi 6 and Wi-Fi 7 standards, each available in multiple configurations to meet different user needs.</p> <ul data-bbox="978 710 1366 1300" style="list-style-type: none"><li data-bbox="978 710 1366 1066">• Our Wi-Fi 6/6E mesh products feature dual/tri-band technology, allowing for the efficient use of various frequency bands to enhance performance and optimize coverage for mobile devices in indoor environments.</li><li data-bbox="978 1115 1366 1300">• Our Wi-Fi 7 mesh products are designed to improve traffic management efficiency and increase data transmission capacity.</li></ul>

---

## BUSINESS


---

Product type	Product picture and name	Product features
Enterprise-grade Access Points (“Enterprise AP”) . . . . .	 <p data-bbox="576 442 671 470"><i>WF-19x</i></p>	<p data-bbox="948 229 1364 704">Enterprise APs are advanced wireless networking devices designed to enhance Wi-Fi coverage within large and complex business environments, such as educational institutions, healthcare facilities, corporate office buildings, populated shopping centers, and communal areas of various venues.</p> <p data-bbox="948 753 1364 1025">Our range of Enterprise AP products is available in Wi-Fi 6 and Wi-Fi 7 standards, each offering a variety of configurations to address the diverse requirements of different deployment scenarios.</p>

---

## BUSINESS

---

Product type	Product picture and name	Product features
10 gigabit router . . . . .	 <i>WF-728</i>	Our 10 gigabit router is a high-performance networking device, designed to support data transfer rates of up to 10 gigabits per second. It focuses on optimizing network performance, enhancing system reliability, and ensuring uninterrupted connectivity. Primarily deployed in small-business environments and residential settings, our 10 gigabit router excels in high-speed, low-latency data transfer. It also allows small business owners to run AI applications, manage production factors, organize complex business data, and respond quickly to business demands. Additionally, this router is well-suited for smart home applications, capable of handling multiple IoT devices.

### Small cell products

Small cell products typically operate on a licensed spectrum are part of an ecosystem distinct from Wi-Fi products. Unlike the free spectrum, the licensed spectrum is reserved for specific organizations that have obtained licenses from regulatory authorities. This spectrum is used for tightly controlled activities such as cellular services, radio stations, and television broadcasts. The primary benefit of using the licensed spectrum is that it offers a more reliable communication channel with reduced external interference. Since only the licensee can use the allocated frequencies, there is minimal risk of interference from other users.

Our small cell products also include RAN products, which are used in cellular and other wireless communication systems, including 4G LTE, 5G, and O-RAN. These products enhance the efficiency, speed, and reliability of wireless communication. Mobile operators may utilize our RAN radio products to address the challenges of coverage in residential areas or rural regions more effectively and efficiently. By providing small cell and RAN products, we enable


---

## BUSINESS

---

our customers to achieve better network performance and coverage, ensuring that they can meet the demands of the users. This approach allows us to support a wide range of applications and use cases, from enhancing mobile network coverage to enabling advanced wireless communication technologies.


Among the numerous types of products in our portfolio, the following table sets forth the details of our small cell products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

Product type	Product picture and name	Product features
<p>All-in-one small cell . . . . .</p>	 <p>ASC-5xx</p>	<p>The all-in-one small cell is a compact device that boosts mobile signal and internet speed in specific areas. It combines several components (e.g. radio, baseband, and backhaul) into one unit, making it easier to set up and manage. This product can connect to both 4G and 5G networks at the same time, which improves data speeds and ensures a reliable connection, even when many people are using their devices. In simple terms, it works like a mini cell tower that helps users stay connected with better signal and faster internet.</p> <p>Our all-in-one small cells are typically deployed in private networks or residential markets. They are used to improve connectivity, providing users with a stable, high-speed, and reliable wireless experience for business operations in private networks or everyday internet usage in residential areas.</p>

---

## BUSINESS

---

Product type	Product picture and name	Product features
Open radio access network (“O-RAN”) radio unit . . . .	 <i>SC-7xx</i>	<p>The O-RAN radio products are designed to substantially improve the interoperability and flexibility of mobile networks, easing cross-vendor integration and adaptation within the intricate ecosystem of contemporary telecommunications.</p> <p>The range of our O-RAN radio products accommodates a broad spectrum of bandwidths from 10 to 100 MHz, supporting up to 4T4R configurations, and available with either integrated or external antennas.</p> <p>In addition, our O-RAN radio products are ideal for production facilities, where reliable communication and real-time data transfer are essential for efficient manufacturing. Logistic warehouses benefit from their capabilities, enabling effective inventory management and automated operations. Furthermore, in mineral fields with challenging terrains and hazardous conditions, the robustness of our O-RAN radio products ensures they can withstand demanding environments effectively.</p>

## **Photonics products**

Our photonics products are capable of delivering efficient connectivity within and between computing clusters. Such products are applicable in the fields of (i) data center

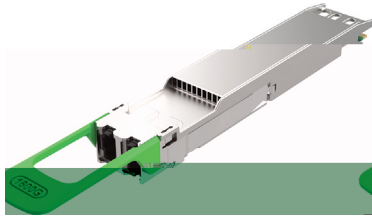
## BUSINESS

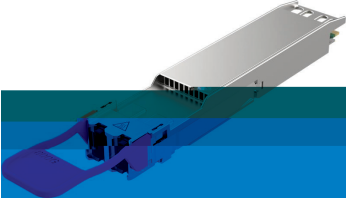
with 1.6T interconnection speeds, with mass production planned to take place in 2026. A prototype based on the latest 3 nm digital signal processing (“**DSP**”) and silicon photonics based module technology has been live-demonstrated at the Optical Networking and Communication Conference and Exposition in San Francisco in April 2025. Such products are intended to be used by large scale data centers and for LLM applications.

According to F&S, the market for photonics has grown steadily in recent years, driven by demand for high-speed data transmission and data-intensive applications such as AI, cloud computing and 5G. From 2020 to 2024, global sales revenue of photonics rose from USD11.2 billion to USD17.8 billion, with a CAGR of 12.2%. It is expected that the sales revenue of global photonics industry will reach USD41.5 billion in 2029 with a CAGR of 18.5% from 2024.

During the Track Record Period, we sold 0.9 million, 0.6 million, 0.4 million, and 0.2 million photonics products, generating a sales revenue of RMB478.2 million, RMB446.7 million, RMB491.5 million, and RMB394.2 million, respectively.

Among the numerous types of products in our portfolio, the following table sets forth the details of our photonics products with the most advanced technologies, and their characteristics, as of the Latest Practicable Date:

Product type	Product picture and name	Product features
1.6T products . .	 <p style="text-align: center;"><i>1.6T OSFP</i></p>	<p>We primarily offer 1.6T products in the OSFP form factor, supporting rates up to 1,600Gb/s, accommodating different configurations and range options of 500m or 2km over single mode fiber. The operating case temperature for such products is between 0°C and 70°C.</p>

<b>Product type</b>	<b>Product picture and name</b>	<b>Product features</b>
800G products . .		We primarily offer two types of 800G products in the form of f0n fDD.-363[221Both-363[221support-363[221data-3
	<i>800G OSFP</i>	

## BUSINESS

The development of photonics technologies has significantly enhanced network transmission capacity and efficiency, providing robust technical support for digital connectivity. These products can enable the rapid transmission of large volumes of data in a short time, meeting the bandwidth and speed requirements of emerging technologies such as cloud computing, big data, and artificial intelligence. Additionally, the advancement of photonics technologies reduces network transmission costs and improves network reliability and stability, fostering the widespread adoption and development of fiber optic communication networks. Consequently, we anticipate that the market demand for photonics will continue to rise in the future.

For further information on the market outlook for photonics products, please refer to the section headed “Industry Overview” in this Prospectus.

### OUR BUSINESS MODEL

We primarily operate our business under two models (namely, JDM and ODM) that aim to cater to the different needs of our customers. Our JDM model involves high customer involvement in providing detailed demands and specifications. Our customers will collaborate with us on new production information, prototypes, and testing to meet their standards. In contrast, our ODM model requires limited customer involvement in software and hardware development, where software and hardware development are typically handled by us. Our customers under the ODM model will most likely take our standard products or request limited customization or the design changes.

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margins generated by both models for the years/periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2022			2023			2024			2024			2025		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
	<i>(Una dited)</i>														
JDM . .	2,187,589	393,306	18.0	1,639,179	298,608	18.2	1,950,263	360,558	18.5	977,804	195,631	20.0	933,385	181,022	19.4
ODM . .	1,596,150	295,329	18.5	1,446,183	365,487	25.3	1,699,626	401,689	23.6	783,604	187,535	23.9	1,100,638	263,558	23.9
Total . .	<u>3,783,739</u>	<u>688,635</u>	<u>18.2</u>	<u>3,085,362</u>	<u>664,095</u>	<u>21.5</u>	<u>3,644,889</u>	<u>762,247</u>	<u>20.9</u>	<u>1,761,408</u>	<u>383,166</u>	<u>21.8</u>	<u>2,034,023</u>	<u>444,580</u>	<u>21.9</u>

For further information on those two models, please refer to the section headed “Industry Overview — Business model analysis of integrated optical and wireless connectivity devices industry — JDM vs. ODM” in this Prospectus.

**Our JDM model**

Our JDM model typically involves a collaborative approach to product design and development between the equipment supplier and the partner, with a strong emphasis on customization. This model focuses on joint efforts to create products that meet specific requirements and preferences. Once we secure a customer project, our dedicated research and development team works closely with the customer to design and develop the product. After the customer confirms the product design specifications, they place a purchase order, and we then procure the necessary materials and manufacture the product. According to F&S, the process of certifying a JDM manufacturer usually takes one to two years, placing high demands on the manufacturer in terms of financial and business positions.

The primary competitive advantage of JDM lies in its ability to provide high levels of customization, fast market adaptation, and innovation through joint technology development. This model allows for a tailored approach to product development, ensuring that the final product aligns closely with the client’s vision and market demands. JDM is ideal for scenarios that require high customization, joint development, and quick adaptation to changing demands. It is suitable for clients who need unique products that stand out in the market and are willing to invest in a collaborative development process. Our JDM customers mainly comprise multinational digital communications technology conglomerates.

The following summarizes the salient terms of the agreements that we had entered with our JDM customers:

**Duration:** The relevant agreements typically have a term of three years and shall automatically renew for an additional one year under the same terms, unless either party provides written notice of termination no less than 60 days prior to the expiration date. There is no limit on the number of such renewals.

**Roles of each party:** We conduct R&D and production of customer-specified products in accordance with the technical and functional standards set out in our agreements. We provide required documentation, complete product and third-party certification testing, and deliver corresponding reports, while meeting R&D and manufacturing quality standards of our JDM customers. We also offer technical support and maintenance services, and are responsible for verifying the functionality, performance, and reliability of materials provided by our JDM customers.

---

## BUSINESS

---

Our customers typically provide us with detailed product technical specifications, which set out the required standards for technology, functionality, and quality across both R&D and manufacturing processes. In certain cases, our JDM customers also provide specific materials for use in production. Under such circumstances, we are responsible for comprehensive validation of the materials, including assessments of their functionality, performance, and reliability.

**Intellectual property rights:**

The ownership and use of the intellectual property rights of the products and solutions developed under a JDM model will be determined on a case-by-case basis. However, in most instances, any intellectual property developed solely at our own cost shall remain our sole property right, and the property right in respect of any pre-existing intellectual property contributed by each party shall remain unchanged.

We grant our JDM customers a worldwide, perpetual and royalty-free license to use, sale, gift, lease, or assign products under the collaboration of the relevant products and services, as well as our underlying and/or newly developed intellectual property under the collaboration.

We shall not use our JDM customers' trademarks without their prior written consent.

**Credit terms and payment:**

Payment terms shall be determined on a customer-by-customer basis, taking into account the nature of the commercial relationship and the customer's creditworthiness. For long-standing customers with a proven track record, we may offer extended credit terms or preferential payment schedules.

**Dispute resolution:**

In most instances, when a dispute arises in connection to the agreements, the parties shall first seek to resolve the matter through good faith discussions and negotiations. If unresolved, the dispute shall be referred to arbitration under with the seat of arbitration in a mutually agreed jurisdiction. Notwithstanding the foregoing, either party reserves the right to seek injunctive or equitable relief through the courts where appropriate.

---

## BUSINESS

---

**Liability:** Product liability shall be governed by the specific terms applicable to each product category, including any warranties separately agreed upon in writing. Liability for indirect or consequential damages is excluded to the fullest extent permitted by law.

**Termination:** In most cases, agreements may be terminated by either party without cause by providing substantial prior written notice. Termination for cause may be effected immediately upon written notice if the other party commits a material breach of the agreements entered, including but not limited to non-payment, violation of confidentiality obligations, or infringement of intellectual property rights

The following is a case study of a typical JDM project undertaken by us:

*Case Study: 800G OSFP DR8 Photonics for Customer X*

Customer X is a company that sells routers, data center switches, and enterprise switches. We developed a customized 800G OSFP DR8 Photonics to integrate with their latest data center switches and routers for LLM and data center customers.

In a typical JDM project with Customer X, we start with a detailed, customized product specification to ensure compatibility with their system. Unlike an ODM project, both the customer and our Company form a project team to work closely together throughout the project.

During the product design process, we maintain regular communication with the customer's project team and receive feedback to keep the technical design and schedule on track. For example, when selecting key components like the DSP or laser, the customer's team provides valuable input based on their system design, helping us avoid compatibility issues early on. We also leverage each other's supply chain capabilities to secure prioritized supplies at competitive costs.

The customer gains early access to our engineering samples for verification, while we get early access to their system for our verification. We share test plans and results to reduce duplicate efforts and improve test coverage. This collaboration helps us identify and address potential interoperability issues early in the design phase.

Collaboration continues from the project's start through every step, especially during the NPI and pilot production runs. This dual focus on schedule and quantity allows us to optimize parts from trial runs for production process improvements, compliance and reliability assessments, and marketing initiatives. Both teams also start mass production planning early to ensure materials and equipment are ready for initial mass production runs, aligning with market demands.

A key challenge in our JDM model is meeting the criteria for each gate point from both the vendor and customer perspectives. We have developed expertise in synchronizing our development and quality processes with the customer's key project milestones. This sets a high industry standard, requiring technical skills, an inclusive culture, and strong project management capabilities.

Given the significant involvement required from the customer, this model poses challenges in terms of substantial investment of resources and expertise required. Only leading market players with strong technical skills and supply chain capabilities can effectively implement this model.

Our revenue generated from JDM customers decreased by RMB548.4 million, or by 25.1%, from RMB2,187.6 million in 2022 to RMB1,639.2 million in 2023, and then increased by RMB311.1 million, or by 19.0%, to RMB1,950.3 million in 2024. For the six months ended June 30, 2024 and 2025, our revenue generated from JDM customers decreased by RMB44.4 million, or by 4.5%, from RMB977.8 million to RMB933.4 million. Such changes were mainly in line with the market conditions that affected our overall revenue generation.

### **Our ODM model**

On the other hand, our ODM model refers to one where the supplier designs and manufactures products based on the client's specifications. These products are typically standardized but offer potential for customization to meet the client's needs. Our ODM model offers cost savings, short development times, and the advantage of the supplier's production scale. This model is efficient in production and can quickly bring products to market, making it a cost-effective solution for clients. This model is ideal for clients who need standardized products with limited customization, allowing for fast production and delivery.

Under our ODM model, the business process begins with our internal design project, where we first complete the design and development, then market the fully developed off-the-shelf product to potential customers. In general, the customer is able to test a prototype of the developed product before placing a purchase order for us to begin procurement and production.

---

## BUSINESS

---

We maintain an open-minded and innovative approach to our business models. For instance, in certain advantageous regions and market segments, we are exploring the promotion of our own brands as an extension of our ODM model. Additionally, we have endeavored to empower our partners in North America through IP licensing arrangements, manufacturing support, technical assistance, and other potential methods.

The following summarizes the salient terms of the agreements that we had entered with our ODM customers:

- Duration:** The duration differs on a case-by-case basis.
- Roles of each party:** We conduct R&D and production of products either in accordance with the technical and functional standards as requested by the ODM customer, or in accordance to our internal specifications (in cases where ODM customers would prefer to purchase products that we have already designed internally).
- Intellectual property rights:** The ownership and use of the intellectual property rights of the products and solutions developed will be determined on a case-by-case basis. However, in most instances, any intellectual property developed solely at our own cost shall remain our sole property right, and the property right in respect of any pre-existing intellectual property contributed by each party shall remain unchanged.
- We grant our ODM customers a worldwide, perpetual and royalty-free license to use, sale, gift, lease, or assign products under the collaboration of the relevant products and services, as well as our underlying and/or newly developed intellectual property under the collaboration.
- We shall not use our ODM customers' trademarks, which are usually marketing materials or labels attached onto the products, without their prior written consent.
- Credit terms and payment:** Payment terms shall be determined on a customer-by-customer basis, taking into account the nature of the commercial relationship and the customer's creditworthiness. For long-standing customers with a proven track record, we may offer extended credit terms or preferential payment schedules.

---

## BUSINESS

---

**Dispute resolution:**

In most instances, when a dispute arises in connection to the agreements, the parties shall first seek to resolve the matter through good faith discussions and negotiations between authorized representatives familiar with the issues. If the dispute is not resolved through negotiation, the dispute shall either (i) be submitted to non-binding mediation prior to proceeding with arbitration or litigation, or (ii) proceed directly to arbitration or litigation, as stipulated in the Agreement. Notwithstanding the foregoing, either party reserves the right to seek injunctive or equitable relief through the courts where appropriate.

**Liability:**

Product liability shall be governed by the specific terms applicable to each product category, including any warranties separately agreed upon in writing. Liability for indirect or consequential damages is excluded to the fullest extent permitted by law.

The following is a case study of a typical ODM project undertaken by us:

*Case Study: XGS-PON ONT XG-99RG2 for Customer B, one of our fiber legacy customers during the Track Record Period*

Customer B is a fiber access service provider in the United States. We have partnered with Customer B on many of their ONT solutions over the years and regularly collaborate to address their demands and network challenges.

Unlike JDM projects with detailed technical specifications, ODM projects with Customer B typically start with innovative ideas based on common features or existing products. In this case, Customer B wanted to embed an IoT interface to make the installation process smarter and reduce truck rolls. Leveraging our expertise in ONT and router design, we proposed a solution that addressed product appearance, optimal technology for interfacing with installer tablets, and methods to ensure data security. We provided a technical guide for Customer B to develop their tablet application to access the IoT interface and enhance process efficiency. With our agreed-upon specifications, we shared a project plan outlining timelines for engineering samples and mass production readiness.

Over the following months, we and Customer B worked independently. Customer B focused on developing their application based on our interface instructions, while we concentrated on hardware design and firmware development using our in-house expertise. We periodically updated Customer B to keep the project on track as they relied on us for product design.

Upon completing the design and preparing for pilot production, we sent samples to Customer B for verification and integration. In the ODM model, Customer B's verification focused primarily on their applications and user experience, while our internal checks ensured fundamental system verification.

Another distinction from the JDM model is that we plan pilot runs and ramp-up timelines based on our experience and predictions regarding Customer B's plans. The integration between our product and Customer B's tablet application proceeded smoothly, leading to a swift field trial. Due to our longstanding partnership, we managed the project pace efficiently, providing sufficient product quantities for their field trials, which resulted in a successful network launch. This project became one of the highest volume broadband products that we sold to Customer B during the Track Record Period.

In the ODM model, our Group is able to strike a balance between design complexity and cost efficiency in response to high-level customer requirements. ODM customers typically focus only on specific features of our products that are closely aligned with their own business needs, while showing limited interest or understanding of other aspects. Leveraging our technical and design expertise, we often provide customers with a range of technical trade-off options, helping them select the most suitable solution based on factors such as design complexity, cost, development timeline, and efficiency. These factors are not always immediately apparent to ODM customers. For example, when a customer requests an increase in the number of interfaces, we advise on scenarios where such changes can be implemented without significantly altering the product architecture, and conversely, where such modifications would lead to major structural redesigns, potentially delaying time-to-market and increasing costs. This type of implicit value-added service enhances customer stickiness and deepens their reliance on our capabilities, while also helping us build a distinctive brand reputation and expand our reach to a broader customer base.

Many ODM projects involve only limited modifications or customizations, such as minor changes in the number of interfaces that do not affect the product architecture, cosmetic adjustments to the product's appearance (including shape and color) that do not

---

## BUSINESS

---

Our revenue generated from ODM customers decreased by RMB150.0 million, or by 9.4%, from RMB1,596.2 million in 2022 to RMB1,446.2 million in 2023, and then increased by RMB253.4 million, or by 17.5%, to RMB1,699.6 million in 2024. Between the six months ended June 30, 2024 and 2025, our revenue generated from ODM customers increased by RMB317.0 million, or by 40.5%, from RMB783.6 million to RMB1,100.6 million. Such changes were also in line with the market conditions that affected our overall revenue generation.

### RESEARCH AND DEVELOPMENT

We believe that R&D is fundamental to maintaining our competitiveness and sustaining our future growth. We have therefore placed a strong emphasis on establishing and maintaining advanced product planning and R&D capabilities. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our R&D expenses were RMB270.4 million, RMB275.8 million, RMB320.4 million, RMB160.8 million, representing 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue respectively.

Our R&D efforts exemplify our overseas reach and strategic approach in acquiring top talent from all over the world. As of June 30, 2025, our R&D teams comprise a total of 673 employees, accounting for more than half of our total workforce, including 55 overseas R&D employees. We have established four R&D centers in China, and two R&D centers overseas, in regions well-known for their local talents, fostering a strong culture that supports the flourishing of expertise in our industry. These centers are strategically established to capture the best talents, bringing them together to work collaboratively as one cohesive R&D team. For instance, in Xi'an, our focus is primarily on algorithm-related work. The rich academic environment in the region provides a solid foundation for our research and development activities. Wuhan is a key location for our R&D efforts, focusing on optical technology, switch business, and high-speed current design. The presence of universities with the relevant expertise ensures a steady supply of talent. Additionally, Optics Valley in Wuhan is renowned for its abundant talent and resources. Our R&D teams in Shanghai are responsible for the R&D of various aspects of photonics, including thermal simulation, radio frequency simulation, functional and reliability testing, and failure analysis. Moreover, our R&D center in New Taipei City has traditionally been a hub for software and Wi-Fi-related R&D efforts. Our in-house manufacturing facility is also responsible for the R&D regarding mass-produced products (from prototype to customer certification and mass production) and production (including the improvement of machinery and equipment, the development and implementation of automation programs, and the tracking of production processes).

One of the key aspects of our R&D efforts overseas was the establishment our R&D center in Japan, where we have acquired strong R&D capabilities through mergers and acquisitions. Japan's rich experience in optical component design is highly valued, and the teams there are well-versed in photonics technology accumulation and product-related work. Our R&D efforts overseas also comprised our R&D center in the United States, driven by our business development needs in North America. Our office in the United States is strategically located in Silicon Valley, an innovation hub known for its abundant top-tier talent resources.

In addition, some of our R&D staff will occasionally visit our manufacturing site in Malaysia and conduct R&D projects that can help us to improve our manufacturing capabilities. We believe that the teams' familiarity and understanding of the industry's advantages has contributed to our R&D success.

The collaborative nature of our R&D efforts is a cornerstone of our success. Our R&D centers are not siloed; instead, they operate in a highly integrated manner. Researchers and developers from different centers regularly engage in cross-functional teams, sharing insights and expertise. This collaborative approach allows us to leverage the unique strengths of each center, whether it be algorithm development in Xi'an, optical technology in Wuhan, software and Wi-Fi expertise in New Taipei city, or photonics design in the United States or Japan. To do so, we have established robust communication channels and collaborative platforms that facilitate real-time information sharing and joint problem-solving. A leading R&D center spearheads these efforts, ensuring that our projects are executed efficiently and effectively. This collaboration overseas and in China not only enhances our innovation capabilities but also accelerates the development and deployment of innovative technologies.

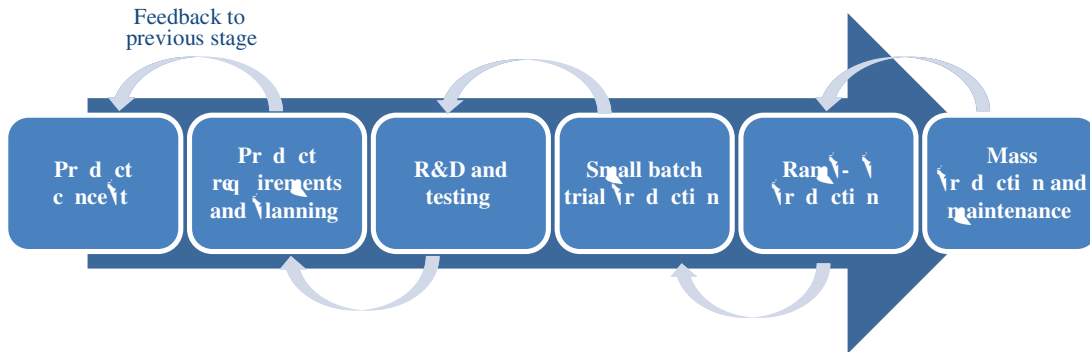
Throughout the R&D process, we maintain close communication with customers, ensuring that their needs are well addressed. This collaboration extends to the marketing process, where R&D-related communication plays a crucial role. Our R&D teams support sales from the early stages of the business, ensuring a seamless integration of research and development with market demands. This is also one of the reasons for establishing our R&D centers in geographical proximity to our key markets.

By fostering a culture of collaboration and continuous learning, we ensure that our R&D teams are well-equipped to tackle the challenges of our industry and drive our growth and success. Our research and development efforts have produced notable technical achievements and have a track record of developing intellectual property and industry knowledge that can be applied to products. Please refer to the subsections headed “— Intellectual property” and “— Our technologies” in this section.

### **Product design and development process**

Our product design and development process begins with analyzing customer needs and the competitive landscape to locate opportunities. Our R&D team then designs and tests the product, working with other departments. We perform small-scale manufacturing and sample testing, update the design, and move to trial production. Finally, we optimize for quality and efficiency before mass production, achieving high design efficiency and utilization. Although our R&D projects and product design and development vary due to different specifications and customer demands, resulting in differing timeframes for completion, the average timeframe for most of our R&D projects (from conceptualization to completion) would normally last six months.

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



### *Product concept*

Our product development process begins with the decision of our business unit management on initiation of a project. Before making such a decision, we identify product requirements or opportunities from customers and the market, determine a product framework and concept, and then conduct a final evaluation.

### *Product requirements and planning*

After the product concept stage, the project is officially launched with a kick-off meeting, bringing together all stakeholders to align on objectives and expectations. It begins with the definition of product specifications and the establishment of the project team. This phase is crucial as it sets the foundation for the entire project. Project schedules, quality plans, and resource budgets are meticulously developed to ensure a structured approach. Additionally, initial risks are identified, and corresponding risk mitigation measures and contingency plans are formulated to address potential challenges. While our JDM customers engage in each and every stage of our product design and development process, this is one of the few stages where our ODM customers are also involved. Their participation ensures that the product requirements align with their specific needs and expectations.

During this stage, detailed documentation of product requirements is created and reviewed to ensure clarity and completeness. The high-level architecture of the product is designed, outlining the overall structure and key components. Resources and budgets are allocated to ensure that the project has the necessary support and funding. A comprehensive project plan is developed, detailing the timeline, milestones, and deliverables. Potential risks are identified as well, and mitigating strategies are established.

### *R&D and engineering*

During this stage, product design, development, integration, and testing are conducted to ensure the product meets the required specifications. This phase is critical as it involves the release of early designs, which allows prototype production to commence. Necessary inputs for

NPI and sample trial production are provided to ensure the readiness of R&D trial production (i.e., the starting point of the design for manufacturing), and to ensure that a high yield rate can be achieved later on. The stage is concluded with the production of a prototype for testing.

This stage involves several key activities. Hardware design and review are conducted to ensure the product's electronic components meet the required standards. Mechanical design and review focus on the physical aspects of the product, ensuring it is robust and functional. Thermal design and simulation are performed to ensure the product can operate efficiently under various temperature conditions.

The bill of materials (“**BOM**”) is released, detailing all the components required for the product. Prototype builds are initiated, allowing for the creation of initial models for testing. Engineering validation testing and design validation testing are conducted to verify the product's performance and design integrity. Customer sampling is carried out to gather feedback and ensure the product meets customer expectations. Automated test equipment development is undertaken to create testing systems that ensure the product's quality and functionality. Design for manufacturing reviews are conducted to ensure the product can be manufactured efficiently and cost-effectively.

Firmware development is also a key part of this stage, involving the creation of low-level control programs that manage the hardware components. This process includes writing code in low-level programming languages, testing the firmware on the hardware, and debugging to ensure optimal performance. Firmware updates are also planned to enhance functionality and security. The integration of firmware ensures that the hardware operates as intended and interfaces seamlessly with other software components, providing a stable foundation for the product's overall performance.

A trial run is conducted to test the manufacturing processes and ensure they are ready for full-scale production. Process qualification is performed to validate the manufacturing processes and ensure they meet the required standards. Preliminary qualification is the final step, ensuring the product is ready for mass production and meets all necessary requirements. This structured approach ensures that the product is thoroughly tested and validated, setting the stage for successful mass production and market introduction.

### *Small batch trial production*

Upon the completion of product development and testing, the product is ready for small batch trial production. The purpose of this stage is to verify the manufacturability of the design, production process, and testing procedures. Official process documents and standard operating procedures are also released. While our JDM customers engage in each stage of this product design and development process, this is one of the few stages where our ODM customers are also involved.

---

## BUSINESS

---

During this stage, full traceability is set up to ensure that every aspect of the production process can be tracked and monitored. Process and manufacturing standardization are implemented to ensure consistency and quality across all production runs. A pilot run is conducted to test the production process and identify any potential issues. Full qualification is performed to validate the product and ensure it meets all necessary standards and requirements.

Yield and statistical process control benchmarks are established to monitor and improve production efficiency and quality. Certifications are obtained to ensure the product complies with industry standards and regulations. A customer audit is conducted to verify that the product meets customer expectations and requirements. Variants and customizations are developed to cater to specific customer needs and preferences. Finally, ongoing reliability testing (“**ORT**”) and ongoing reliability monitoring (“**ORM**”) are set up to ensure the product’s long-term reliability and performance.

### ***Ramp - up production***

During this stage, ramp-up production of the new product is conducted to optimize production efficiency and yield. The primary goal is to ensure the capability for mass production and supply chain assurance. This phase is critical as it transitions the product from small batch production to full-scale manufacturing. The process begins with capacity planning and ramp-up, where production capabilities are scaled to meet anticipated demand. This involves careful planning and coordination to ensure that all necessary resources are in place. The product is then transferred to the operation phase, where it enters regular production cycles. **ORT** and **ORM** are implemented to continuously assess and ensure the product’s reliability and performance. These measures help identify and address any potential issues early in the production process. Setting up return material authorization (“**RMA**”) capability is another crucial aspect of this stage. This ensures that any defective products can be efficiently returned, repaired, or replaced, maintaining customer satisfaction and product quality. Yield improvement efforts are undertaken to enhance production efficiency and reduce defects. This involves analyzing production data, identifying areas for improvement, and implementing changes to optimize the manufacturing process.

By the end of this stage, the product is fully integrated into the mass production process, with all necessary measures in place to ensure consistent quality and supply chain reliability.

### ***Mass production and maintenance***

In this stage, mass production of the product is conducted, and software and hardware maintenance and technical support are provided.

## **OUR TECHNOLOGIES**

Technology lies at the core of our product development and our success achieved to date, which comprise (i) technologies used in our products; (ii) technologies used in our intelligent manufacturing processes; and (iii) our IT infrastructure.

**Technologies used in our products**

The key technologies that we have adopted in our product development include, but are not limited to, the following:

- ***Silicon photonic based module technology*** : We were among the first in the industry to develop silicon photonics based module technology, which enables data transmission using photons instead of traditional electrical signals, offering higher speeds and lower power consumption. This technology is designed to offer high-speed optical connections in data centers and telecommunication networks.
- ***LPO***: Power consumption is a critical concern in high-speed photonics, with approximately 50% of the power usage attributed to DSP functions. We have developed proprietary LPO technology by eliminating the DSP function from our pluggable photonics. This innovation allows our photonics to achieve electrical signal interconnection through a DSP interface embedded in the switch chip, significantly reducing the cost and power consumption of photonic devices.
- ***CPO***: We are currently in the process of developing our packaged laser and silicon photonics engine (i.e., ELS, external light source) for CPO technology which can offer substantial cost reductions while delivering exceptional performance. Such technology can integrate the network and photonic engine into a single slot, drastically reducing the distance between the switch chip and the photonic engine. This proximity enables faster electrical signal transmission, making such technology ideal for AI training and applications.
- ***High-Speed broadband technology*** : We were among the first to achieve mass production of 25GPON worldwide and we are among the pioneers in the industry to be developing 50GPON. Our latest advancement, the 25GPON technology, is available in various configurations, including a 25 Gb/s symmetrical connection, a 50 Gb/s downstream and 25 Gb/s upstream asymmetrical connection, and a 50 Gb/s symmetrical connection.
- ***Energy Efficiency in Wi-Fi 6E*** : Through our dedicated R&D efforts, we have successfully reduced the energy consumption per unit throughput of network operations. The average power consumption per unit throughput of our Wi-Fi access points has been lowered from 5.4 watts per gigabit to 3.6 watts per gigabit, achieving a 50% energy savings. Our Wi-Fi cloud controller accurately detects usage changes, directs devices to the same frequency band, and shuts down idle channels to prevent unnecessary energy consumption. Field tests on a European customer's network showed that 84% of areas were in an efficient energy-saving state for at least six hours daily, and 21% of areas for 12 hours daily. This helps small and medium-sized enterprises reduce costs, increase efficiency, and move towards smarter, more efficient, and greener development.

### **Technologies used in our intelligent manufacturing processes**

Our intelligent manufacturing spans the entire production process, leveraging advanced equipment, technology, and management systems to achieve efficient, precise, and intelligent production, thereby enhancing our competitiveness.

Our in-house and co-location manufacturing facilities are equipped with automated equipment. Our in-house facility in Shanghai features nine surface mount technology (“**SMT**”) lines and six dual in-line package (“**DIP**”) lines and is equipped with SPI and automatic optical inspection (“**AOI**”) automatic inspection equipment. The SMT lines use high-speed placement machines from renowned brand, known for their speed and accuracy. Moreover, our facilities are equipped with automated robotic arms, which are able to imitate the movement of human arms in executing a wide variety of tasks. We believe these automated technologies promote efficiency and precision in our manufacturing process and enhance consistency in the quality of our products. In addition, the use of automated technologies can enhance workplace safety and reduce labor costs by reducing human involvement in the manufacturing process.

We have introduced multiple information technology systems, including product lifecycle management (“**PLM**”), cyber-physical system (“**CPS**”), supplier synergism management (“**SSM**”), enterprise resource planning (“**ERP**”), manufacturing execution system (“**MES**”), and warehouse management system (“**WMS**”) to achieve closed-loop management covering R&D, procurement, production, and sales to after-sales service, greatly enhancing operation efficiency. For further details of our information technology systems, please refer to below.

We use technologies such as optical recognition, AOI, and X-Ray inspection for quality control to improve inspection accuracy and efficiency. The utilization of radio frequency identification (“**RFID**”) applications and the manufacturing traceability system enables full-system traceability of products from raw material procurement and production processing to product sales, facilitating quality control and problem detection. In addition, we have applied industrial information technologies such as augmented reality and simulated reality in the virtual verification to identify issues early, and augmented reality technology assists workers in equipment operation and maintenance, improving work efficiency and accuracy.

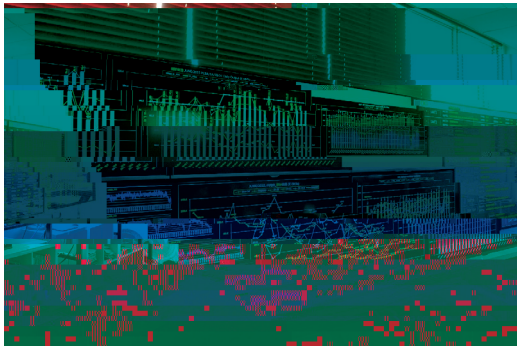
Set forth below are selective views of our manufacturing facilities:



*Photronics production line*



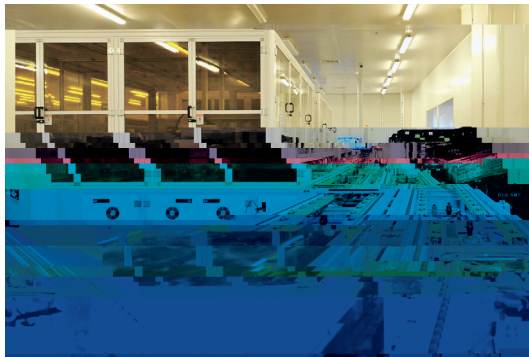
*Robotic assembly line*



*Control panel detailing aspects of our production*



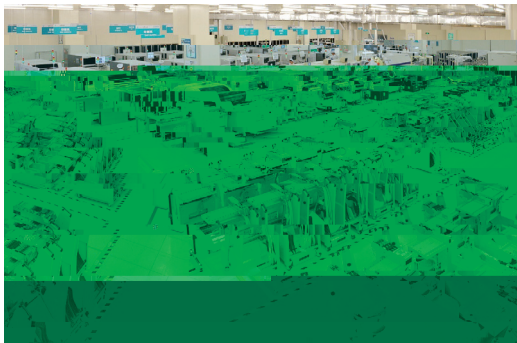
*Robotic arms used in production lines*



*Production line*



*Production line*



*Production line*



*Automated transport cars used in the production line*

**Our IT infrastructure**

We believe that high levels of automation, digitalization, and technology are essential for maintaining our competitive position and supporting our strategic objectives. 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:

- **PLM system:** Our product lifecycle management system, or PLM system, manages product information flow, BOM, documents, and R&D processes. We use the PLM system to provide a comprehensive and unified R&D collaborative management platform for R&D design, processing plans, and technical documentation. Through the PLM system, we have built and maintained a standardized and well-regulated product database to promote the efficiency of our product customization process, and achieve the integration of information technology, product R&D technology, and management technology.
- **ERP system:** Our enterprise resource planning system, or ERP system, handles finance, warehouse management, and supply chain management to regulate our operations, inventory control, procurement, production, and sales management. Timely access to inventory and sales data allows our management to monitor our sales performance and make appropriate adjustments in response to market conditions. It also facilitates our procurement, marketing strategies, and decision-making process.
- **MES:** We utilize the manufacturing execution system, or MES, to support our production process, including managing resource allocation, scheduling production plans, and real-time monitoring of the production process. The MES system is connected with our production equipment and records and transmits information from our production lines, including production volume and time used, to our ERP system, achieving digitalized production management, which improves the management level of our production lines and production efficiency.
- **CPS:** Our cyber-physical system, or CPS, connects programmable logic controllers (“PLC”), automated guided vehicles (“AGV”), robots, and other intelligent devices with IT systems, providing communication interfaces to support point control and configuration monitoring. With CPS, we are able to introduce, collaborate, and synergize the digitized information of each aspect in the whole process, conduct analysis through massive data simulation based on project experience, realize real-time monitoring, and achieve flexible manufacturing and customized production driven by digitized data generated based on various demands of clients.

---

## BUSINESS

---

- **SSM** *em*: Our supplier synergism management system, or SSM system, is a horizontal integration platform for the supply chain, which digitizes the procurement process and manages supplier inventory and pre-receipt management. We utilize the SSM system to support business transactions and communications between us and our suppliers.
- **WMS**: Our warehouse management system uses RFID and 2D barcode technologies for material and product location management, material traceability, and error prevention. We utilize the WMS to manage, control, and monitor our warehouse operations. We also integrate the WMS with other systems, such as the ERP system to streamline information flow and increase productivity.

We plan to strengthen our information technology systems to keep up with the growth of our business. We believe such improved systems will strengthen supply chain managements as well as improve our ability to develop products that meet the demands and preferences of our customers.

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.

### *Cybersecurity*

We use a multi-layered strategy to safeguard our systems and data. As of the Latest Practicable Date, we have received the ISO: 27001 Information Security Management System certification, indicating the strength of our systems. By combining the following technical measures with a culture of security awareness, we believe that we can maintain a robust and resilient IT infrastructure that safeguards our business operations:

- *Strong access controls and authentication*: We implement access controls and authentication mechanisms to allow only authorized personnel to access sensitive systems and data. We also use role-based access control to limit access based on the user's role within the organization. This minimizes the risk of unauthorized access and ensures that employees only have access to the information necessary for their job functions. Regular audits and reviews of access permissions help maintain the integrity of our access control policies.
- *Regular updates and patches*: Keeping our software and hardware up to date is crucial. We apply updates and patches to protect against known vulnerabilities. This initiative-taking approach helps us mitigate the risk of cyberattacks that exploit outdated software. We have a dedicated team that monitors for recent updates and patches from vendors, and ensures they are applied promptly. Additionally, we test updates in a controlled environment before deployment to try to ensure they do not disrupt our operations.

---

## BUSINESS

---

- *Network monitoring and auditing:* Continuous monitoring and auditing of network activities help us detect and respond to suspicious activities promptly. We use monitoring tools to track network traffic and identify anomalies that may indicate a security threat. Real-time alerts enable our security team to take timely action when potential issues are detected. Regular audits of network logs provide insights into past activities and help us identify patterns that could signify a breach. This comprehensive approach we believe helps us quickly address any security incidents and minimize their impact.
- *Data encryption:* We encrypt sensitive data both in transit and at rest to prevent them from any unauthorized access. Encryption converts data into a coded format that can only be deciphered with the correct decryption key. This ensures that even if the data is intercepted or accessed without authorization, it remains unreadable. We use industry-standard protocols to secure our data. Additionally, we implement encryption for all communication channels (including emails and file transfers), to safeguard during transmission and regularly review our encryption practices to manage evolving threats.
- *Firewalls and intrusion detection systems:* Implementing firewalls and intrusion detection systems helps us prevent and detect unauthorized access attempts. Firewalls function as a barrier between our internal network and external threats, filtering incoming and outgoing traffic based on predefined security rules. These systems monitor network traffic for suspicious activities and generate alerts when potential threats are detected. Regular updates to our firewall rules and intrusion detection system signatures allow them to remain effective against new and emerging threats.
- *Employee training:* We hold regular security awareness training for our employees so that they are knowledgeable about the latest security threats and best practices. Training programs cover topics such as phishing, password management, and safe internet usage. By educating employees on how to recognize and respond to security threats, we hope to reduce the risk of human error, which is often a significant factor in security breaches. We also conduct simulated phishing exercises to test employees' awareness and reinforce training. Continuous education and reinforcement help create a security-conscious culture within our organization.
- *Backup and disaster recovery:* We perform regular data backups and test our disaster recovery plans with respect to business continuity in case of a security incident. Backups are stored in secure, offsite locations to protect against data loss due to hardware failure, cyberattacks, or natural disasters. Our disaster recovery plans outline the steps to restore operations quickly and efficiently following an incident. We regularly test the effectiveness of these plans and prepare our team for any incident. We believe our comprehensive approach helps minimize downtime and data loss in the event we face a security breach.

## BUSINESS

Our PRC Legal Adviser has confirmed that we complied with applicable PRC laws and regulations on data privacy and security in all material respects during the Track Record Period and up to the Latest Practicable Date. Furthermore, according to our PRC Legal Adviser, we are not required to undergo a cybersecurity review under the Measures for Cybersecurity Review as of the Latest Practicable Date.

Furthermore, according to our PRC Legal Adviser, we are not required to undergo a cybersecurity review under the Measures for Cybersecurity Review as of the Latest Practicable Date, for the following reasons:

- (i) we did not receive any notification designating us as a critical information infrastructure operator by the relevant authority responsible for the security of such infrastructure, in accordance with the Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》);
- (ii) we do not possess the personal information of more than one million users;
- (iii) the Listing does not constitute an overseas listing; and
- (iv) our Company has not received any official notice from the cybersecurity review authorities requiring us to undergo a cybersecurity review under the Measures for Cybersecurity Review.

## MANUFACTURING

Our manufacturing capabilities comprise utilizing our in-house facility in China, and the engagement of co-location partners in both China and overseas. During the Track Record Period, revenue generated from the sale of products manufactured at our in-house facilities represented 54.2%, 39.7%, 37.5%, and 34.8% of our total revenue, and revenue generated from the sale of products manufactured at our co-location manufacturing facilities represented 45.8%, 60.3%, 62.5%, and 65.2% of our total revenue, respectively. The following table sets forth the revenue generated from our co-location manufacturing facilities and our in-house facilities:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Co-location manufacturing facilities . . . . .	1,733,450	45.8	1,859,757	60.3	2,282,375	62.5	1,029,430	58.4	1,326,988	65.2
In-house manufacturing facilities . . . . .	2,050,289	54.2	1,225,605	39.7	1,367,514	37.5	731,978	41.6	707,035	34.8
<b>Total . . . . .</b>	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>

### **Our co-location manufacturing model**

We primarily adopt the co-location model for manufacturing our products, which is an asset-light business model commonly used by manufacturers, and is also widely accepted by customers, in the industry in which we operate. According to F&S, this is a commonly used term in the industry. Unlike the conventional model of engaging OEM for manufacturing capacity, our co-location model involves a more integrated approach. Under our co-location manufacturing model, we are responsible for the product design, key materials, core machinery, processes, and overall management, while our co-location partners provide the factory space, workforce, basic machinery, assistance on logistics and procurement, and handle local regulations including, for instance, local environmental protection regulations and quality control standards in relation to our products, and our logistics, storage, manufacturing, and inspection processes. In addition, our co-location partners are responsible for ensuring compliance with local labor laws and for securing local necessary business licenses and operational qualifications. For such services, in relation to our co-location partners in the PRC, we would pay a processing fee (which forms a part of our manufacturing overheads under cost of sales) multiplied by the quantity of products manufactured. Such processing fee is usually determined based on the time required to manufacture a product and the products' complexity. For our overseas co-location partners, we would supply raw materials which they use to manufacture finished products. These finished products are then sold to us and the costs of such finished products are recorded as part of our "raw material" under our cost of sales. This setup allows us to have direct involvement and greater quality control in the production process on a global scale, and to ensure that the production processes and systems are the same across all co-location partners and our in-house facilities. The co-location model also offers significant flexibility, enabling us to quickly adjust production or relocate by engaging partners in other countries based on strategic decisions and the latest market demand. Furthermore, real-time monitoring under our co-location model enhances supply chain responsiveness and allows for quick adjustments to production scale and processes based on market needs. Moreover, the co-location model enables lower upfront investment in local facilities while maintaining production overseas and in China consistency. Additionally, we benefit from our co-location partners' manufacturing facilities and experience in providing manufacturing services for other industry peers, and we can utilize their logistics network to deliver products quickly to customers in the vicinity. For further information on the benefits in adopting such co-location manufacturing model, please refer to the section headed "Industry Overview — Business model analysis of integrated optical and wireless connectivity devices industry — Contract manufacturing ("CM") vs. Co-location manufacturing" in this Prospectus.

The following table summarizes the salient terms of the agreements that we had entered with our co-location manufacturing partners:

<b><i>D a ion:</i></b>	The collaboration is effective for an initial term of two years and will automatically renew for a term of 12 months unless terminated.
------------------------	---

---

## BUSINESS

---

<i>Scope of work:</i>	Our co-location partner accepts our need to provide them with necessary personnel, material, equipment, services, and facilities to manufacture products in accordance with our requirements.
<i>Design and intellectual property:</i>	We are responsible for the design and development of products. We will also retain all the intellectual property rights related to the manufacturing and testing processes, establishing a technical moat against competitors.
<i>Production, personnel, and facilities:</i>	Our co-location partner will be responsible for manufacturing and assembling our products in strict compliance with our established procedures and protocols. They will provide the necessary labor, at our request and specifications, and manage the workforce at the facilities. They will also manage their own facilities, ensuring compliance with local laws and regulations. We will also send personnel to work with our co-location partners in managing such facilities.
<i>Security and quality control:</i>	We have a proprietary system for tracking and monitoring every stage of the manufacturing process, ensuring real-time updates and analysis. We supervise the manufacturing process by assigning project managers, technical, and quality engineers to regularly station at our co-location partners' facilities to ensure the quality and standard of our products.
<i>Procurement of material:</i>	We would provide the core materials required for production, ensuring consistency and quality, or we would make specific requests on the type and cost of materials to be procured and managed by the co-location partner.
<i>Technology:</i>	We will supply specific equipment needed for production; to be installed at the co-location partners' facilities. This will also include dedicated machinery for testing and validation. We can also utilize the existing technology infrastructure in our co-location partners' facilities.
<i>Compliance and payment:</i>	Our co-location partner shall invoice us upon delivery and we shall pay all invoices net 30 days from shipment arriving. Our co-location partner shall withhold shipment if the payment is overdue beyond 45 days. Our co-location partner can impose late payment penalties.

---

## BUSINESS

---

***Disclaimer:*** The indemnified party must promptly notify the indemnifying party. The two parties must reach a settlement, compromise, or discharge of the claim.

***Liability:*** No party shall be liable to the other party, with the only exception of the indemnification obligations related to product liability.

***Termination:*** Either party may terminate (i) for any reason upon 180 days' prior written notification or (ii) 60 days after written notification of material breach which is not cured within such period.

As of the Latest Practicable Date, we had entered into agreements, which reflects the aforementioned features, with three co-location partners in China, and three overseas, namely in Malaysia, the United States, and Europe. Our Directors confirmed that all of such co-location partners were Independent Third Parties as of the Latest Practicable Date. According to F&S, the engagement of co-location partners under such arrangements is considered an industry norm.

## BUSINESS

The following table provides a summary of our production volume, planned production capacity, and utilization regarding our co-location partners as of, and for the years/periods ended, the dates indicated:

Co-location partner	Date of commencement of relationship	Production lines	GFA <sup>(2)</sup>	For the year ended December 31,						For the six months ended June 30,								
				2022			2023			2024			2025					
				Planned production capacity <sup>(3)</sup>	Actual production volume	Utilization rate <sup>(4)</sup> (%)	Planned production capacity <sup>(3)</sup>	Actual production volume	Utilization rate <sup>(4)</sup> (%)	Planned production capacity <sup>(3)</sup>	Actual production volume	Utilization rate <sup>(4)</sup> (%)	Planned production capacity <sup>(3)</sup>	Actual production volume	Utilization rate <sup>(4)</sup> (%)			
Co-location Partner A, with facilities based in Wuhan, China . . . . .	April 2018	Broadband, Wireless	9,000	5,469,421	4,794,518	87.7	3,929,612	3,439,121	87.5	3,485,395	3,029,128	86.9	1,964,176	1,707,979	87.0	1,404,830	1,170,692	83.3
Co-location Partner B with facilities based in Xi'an, China . . . . .	August 2018	Broadband, Wireless	7,000	4,442,170	3,902,176	87.8	3,637,026	3,018,371	83.0	3,759,186	3,344,348	89.0	2,249,469	2,026,549	90.1	1,696,028	1,474,807	87.0
Co-location Partner C, with facilities based in Nantong China . . . . .	December 2022 <sup>(1)</sup>	Broadband, Wireless	4,000	-	-	-	471,981	413,338	87.6	2,498,720	2,237,271	89.5	1,030,441	928,325	90.1	1,063,843	967,130	90.9
Co-location Partner D, with facilities based in Malaysia . . . . .	November 2018	Photonics, Broadband, Wireless	18,000	1,203,424	1,084,589	90.1	1,440,288	1,279,725	88.9	2,267,836	1,885,825	83.2	810,742	692,942	85.5	1,501,683	1,365,166	90.9
Co-location Partner E, with facilities based in Germany and Poland <sup>(5)</sup> . . . . .	April 2024	Broadband, Wireless	2,000	-	-	-	-	-	-	112,860	3,255	2.9	-	-	-	112,860	2,150	1.9
Co-location Partner F, with facilities based in the United States <sup>(6)</sup> . . . . .	January 2025	Broadband	300	-	-	-	-	-	-	-	-	-	-	-	6,000.0	1,000.0	16.7	

---

*Notes:*

1. Our engagement with this co-location partner commenced in late December 2022, with production commencing in the subsequent year.
2. As of the Latest Practicable Date, such GFA is calculated based on the floor space allocated to us, which is in-line with the production capacity and production lines allocated to us based on our agreed terms with the co-location partners. For such reasons, this GFA may fluctuate from time to time.
3. Refers to the maximum output or production capability, that had been allocated to us upon negotiation, operating ideal conditions where the facilities operate with no major breakdowns or bottlenecks. Such capacity of our co-location partners may change from time to time, as we would adjust the production lines required based on commercial needs, production planning and our agreements with such co-location partners.
4. Utilization rate is calculated by dividing actual production volume by planned production capacity for the relevant year.
5. As we had only commenced production at this site in October 2024, the relatively low utilization and production volume for the year ended December 31, 2024 and the six months ended June 30, 2025 were attributable to the time and resources required to establish and ramp-up the manufacturing capabilities at such an early stage.
6. This facility commenced operations in June 2025. For such reasons, we had not generated any revenue from the sales of products from this co-location partner during the Track Record Period.

---

## BUSINESS

---

Our co-location manufacturing model is designed to be asset-light and highly adaptable to changes in market conditions, enabling us to scale production capacity in response to actual order volumes without the need for substantial capital investment in fixed assets. This flexibility allows us to mitigate the risk of underutilization during periods of fluctuating market demand and to respond swiftly to international trade uncertainties and geopolitical developments by reallocating production capacity across different co-location facilities.

Our Group maintains a high degree of flexibility in adjusting the GFA and planned production capacity of our co-location manufacturing facilities. This flexibility is made possible by the adaptable nature of our production lines, which are capable of supporting a wide range of products across different business units. In practice, we dynamically reallocate production capacity within existing production lines based on market demand, allowing us to respond swiftly to fluctuations without requiring major structural changes.

The determination of planned production capacity at co-location sites is based on regular consultations between our Group and our co-location partners. These discussions assess upcoming production requirements and form the basis for determining the appropriate GFA and the number and type of production lines to be allocated. Once consensus is reached, designated production lines are earmarked and dedicated exclusively to the manufacturing of our products. This allocation process is dynamic and subject to periodic adjustment, guided by factors such as anticipated market demand for specific product types, the availability and design capacity of production lines at co-location partner facilities, and strategic decisions regarding the distribution of manufacturing activities between co-location partners and our in-house operations. All adjustments are planned and negotiated in advance to ensure alignment and operational readiness. Our arrangements with co-location partners are non-exclusive and managed on a rolling basis. We regularly provide feedback and market demand estimates to support their production planning. For new products, we typically engage co-location partners up to one year in advance, including during the research and development phase, to allow sufficient time for equipment installation and workforce planning aligned with our technical requirements. For existing products, depending on the specific production bottlenecks, we generally issue requests for additional production capacity approximately four months in advance. This lead time enables our partners to plan accordingly and allocate the necessary resources.

It should be noted that these timeframes are indicative and subject to variation due to the complexity of the production process. Factors influencing the timeline include the co-location partner's existing capacity, technical capabilities, equipment readiness, raw material availability, and the nature of any technical challenges involved in manufacturing the product. To ensure alignment and responsiveness, our Company maintains ongoing communication with co-location partners through dedicated personnel who monitor developments and facilitate timely planning.

In general, the allocation of production across our co-location partners and our in-house facilities would depend on the type of products manufactured, which is based on, among other factors, the evolving customer demand. For such reasons, products manufactured at our various

---

## BUSINESS

---

facilities are, in general, not identical, and that our cost structure and the gross profit margins of our products are not directly dependent on which manufacturing arrangement chosen. As our co-location partners are governed by contractual agreements, their baseline costs are expected to remain stable within the framework of the contract. Given this cost composition, the mode of manufacturing arrangement, whether through our co-location partners or our in-house facilities, has had a limited impact on our overall gross profit and gross profit margin. For details of our cost structure, please see the section headed “Financial Information — Description of key components of our results of operations — Cost of sales” in this Prospectus.

The success of this co-location model depends heavily on the careful selection of capable and reliable co-location partners. In evaluating potential co-location partners, our Group applies a comprehensive set of criteria. These include the co-location partner’s operational scale and production capacity, their relationship with local institutions and business partners, and their prior experience in contract manufacturing, particularly with products similar to ours. We also assess the competitiveness of their processing fees, their compliance with industry standards, and their ability to scale operations in response to demand fluctuations. Transparency in communication, responsiveness to operational needs, and financial soundness are also key considerations. In addition, we place emphasis on the co-location partner’s ability to maintain consistent quality standards and to support our production objectives under tight timelines.

To safeguard production continuity, our Directors confirm that we have in place a contingency plan, which includes having alternative co-location partners and manufacturing facilities readily available to the Group on comparable terms, which is in line with industry norm, according to F&S. Many of our existing co-location partners operate multiple facilities concurrently, which provides redundancy and enables us to swiftly shift production to alternate sites within the same partner network in the event of any disruption. This ensures uninterrupted supply and reinforces our operational resilience. Through this robust and flexible co-location framework, our Group is able to maintain high responsiveness to market changes while optimizing production efficiency and risk management. Moreover, as the primary role of our co-location partners is to provide production and/or processing services, while our Company remains responsible for supplying the technical designs, proprietary software, and production know-how, we believe there is limited incentive for these partners to claim ownership of or infringe upon our intellectual property rights. All intellectual property rights associated with the products manufactured by the co-location partners for us are solely owned by our Company, and we do not license such rights to our co-location partners. We also adopts measures such as including non-disclosure provisions in our agreements with the co-location partners and filing intellectual property patents to proactively protect our intellectual property rights.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any difficulties regarding our co-location partner unwilling or unable to commit to the GFA, planned production capacity, or production lines allocation, nor had our co-location manufacturing facilities experienced any material disruption, resulting in material adverse impact on our production and results of operations. We are also open to engaging other co-location partners that are capable and willing to work with us under this model and align with our overseas expansion strategy.

---

## BUSINESS

---

In our consolidated financial statements, costs paid to co-location partners are recorded as part of our manufacturing overheads under the line item “cost of sales.” Where applicable, and in accordance with our inventory accounting policy and relevant financial reporting standards, certain costs that are directly attributable to the production of our products may be capitalized into inventory. These manufacturing overheads represent payments for outsourced manufacturing services provided by our co-location partners, which include the use of their production lines, facilities, and labor in accordance with our production specifications and schedules. Importantly, our Group retains ownership and control over the procurement of raw materials, and the co-location partners do not assume inventory or production risk. As such, the arrangement is treated as a service-based outsourcing model. Consequently, no property, plant, or equipment related to the co-location facilities is recognized on our balance sheet.

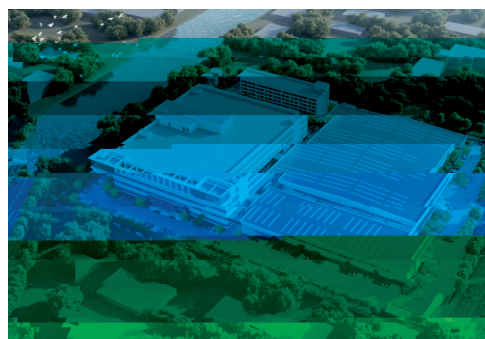
### **In-house facilities**

Our in-house manufacturing facilities are essential to our production capabilities. We conduct pilot runs in-house to optimize processes before replicating them at co-location sites. Additionally, we maintain some production in-house as a benchmark for co-location operations. By doing so, we can ensure that we will have complete control over the entire production for some of our products, allowing us to maintain even more stringent quality standards and ensure that every aspect of production meets our needed specifications. In contrast to the co-location model, an in-house factory provides direct oversight of every production stage, leading to higher product quality and consistency. We also believe that having some production capabilities in-house fosters innovation and continuous improvement, as we can experiment with new technologies, processes, and materials without an over reliance on external parties, encouraging a culture of innovation and collaboration.

The following pictures illustrate our in-house facilities as of the Latest Practicable Date:



*Shanghai No. 1: Our in-house facility in Shanghai, which has been in operation since 2014.*



*Shanghai No. 2: Our new in-house facility, in Jiashan, near Shanghai, which has been in operation from July 2025.*

The following table provides a summary of our production volume, designed production capacity, and utilization regarding our in-house facilities as of, and for the years/periods ended, the dates indicated:

Facility	Production commencement	Production lines	GFA <sup>(1)</sup>	For the year ended December 31,				For the six months ended June 30,										
				2022		2023		2024		2025								
				Designed production capacity <sup>(2)</sup>	Actual production volume	Utilization rate <sup>(3)</sup>	Designed production capacity <sup>(2)</sup>	Actual production volume	Utilization rate <sup>(3)</sup>	Designed production capacity <sup>(2)</sup>	Actual production volume	Utilization rate <sup>(3)</sup>	Designed production capacity <sup>(2)</sup>	Actual production volume	Utilization rate <sup>(3)</sup>			
(Year)	(Sq.m.)	(Units)	(Units)	(%)	(Units)	(Units)	(%)	(Units)	(Units)	(%)	(Units)	(Units)	(%)					
Shanghai No. 1	2014	Photonics, Broadband, and Wireless	33,000	4,929,480	4,373,236	88.7	1,669,658	1,520,143	91.0	2,640,747	2,216,864	83.9	1,417,657	1,201,404	84.7	1,400,937	1,197,382	85.5
Shanghai No. 2 <sup>(4)</sup>	2025	Photonics, Broadband, and Wireless	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Notes:**

1. As of the Latest Practicable Date.
2. Refers to the maximum output or production capability under ideal conditions where the facilities operate with no major breakdowns, however such capacity will take into account the bottlenecks that resulted from machinery and design restrictions.
3. Utilization rate is calculated by dividing actual production volume by designed production capacity for the relevant year.
4. Subsequent to the Track Record Period, our in-house Shanghai No. 2 facility located in Jiashan commenced production in July 2025. Our Company intends to progressively ramp up both production volume and utilization in the near term. As of the Latest Practicable Date, we operate two in-house facilities — Shanghai No. 1 and Shanghai No. 2. In line with our long-term operational strategy and in anticipation of the lease expiry of Shanghai No. 1 later this year, we plan to consolidate all in-house production activities at the Shanghai No. 2 facility (the property of which is owned by the Company). Shanghai No. 2 is expected to absorb all personnel, materials, and equipment currently deployed at Shanghai No. 1. The facility has been designed with expanded capacity to accommodate future growth and to ensure readiness for any potential surge in customer demand from the PRC and/or overseas market.

---

## BUSINESS

---

During the Track Record Period, our in-house facility in Shanghai, reached an actual production volume of 4.4 million units, 1.5 million units, 2.2 million units, and 1.2 million units, with a design production capacity of 4.9 million, 1.7 million, and 2.6 million units, and 1.4 million units, at a utilization rate or 88.7%, 91.0%, 83.9%, and 85.5%, respectively. The reasons for the decrease in such figures in 2023 were twofold: (i) machinery upgrades and repairs; and (ii) reallocation of resources to target overseas markets.

The decrease in designed production capacity at our in-house facility in Shanghai reflects our strategic shift aligned with our long-term international growth objectives, and our plans to relocate our production capacity to Shanghai No. 2. Rather than being a response to weakening domestic demand, this adjustment supports our proactive efforts to strengthen our presence in overseas markets, and to utilize our Shanghai No. 2 facility in order to improve our overall operational efficiency.

In 2023, overall revenue declined due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand, resulting in a decrease in the production volumes across both in-house and co-location facilities. However, as the deferred demand began to materialize in 2024, we saw a broad-based recovery in sales volumes. Despite this rebound, the increase in production volume was more pronounced at our co-location facilities, particularly those located overseas. This was a direct outcome of our strategic push to expand internationally evidenced by our increased revenue contribution from overseas customers. This also improved delivery efficiency. Accordingly, while we made a modest upward adjustment to the designed production capacity of our Shanghai facility in 2024 to accommodate the returning demand, we have been gradually expanding our overseas efforts.

While machinery upgrades and repairs were also part of the operational adjustments during this period, the primary driver behind the lower designed production capacity of our in-house facilities in 2023 and 2024, as compared to 2022, and later in 2025 reflects the strategic expansion of our overseas sales and marketing efforts, and the eventual relocation of our production capacity to Shanghai No. 2.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our in-house facilities did not experience any material disruption that had led to any severe adverse impact on our production capacity.

### **Our production process**

Our production process is designed to promote high standards of quality while being able to rapidly ramp up production to satisfy customers' needs. We generally manufacture products only after receiving a purchase order from the customer and after procuring all the raw materials, components, and parts required for the purchase order. We conduct all of the production processes internally at our in-house facilities or co-location sites and do not outsource any work.

During our production process, we use our ERP system to handle finance, warehouse management, and supply chain management, while our MES connects our information systems, manages resource allocation, job scheduling, and production process monitoring, ensuring efficient coordination across all stages.

The following chart illustrates the principal steps in the production of our products:



- **Material incoming inspection:** The production process begins with the inspection of incoming materials to ensure they meet quality standards. This involves checking for surface roughness, dimensions, and board thickness. Additionally, general electrical inspections tests are conducted to ensure the materials are free from defects and safe for further processing.
- **Material preparation:** Once the materials pass the initial inspection, they are prepared for the production process. Solder paste is applied to the printed circuit board (“PCB”) using a stencil, ensuring precise application to prevent issues later on. The application of solder paste is inspected to confirm its accuracy. Information or markings are then printed on the PCB using an inkjet printer, providing necessary identification and traceability, and ICs are programmed with the necessary firmware or software.
- **SMT:** In this stage, surface mount components are placed directly onto the surface of the PCB. This method allows for smaller, more efficient circuit designs and high-speed automated assembly. The board is inspected before reflow soldering to check for any placement errors. The PCB is then heated to melt the solder paste, creating secure connections. 3D AOI is performed on a sample of PCBs to check for hidden soldering defects.
- **DIP:** Components with DIPs are inserted into the PCB during this stage. The board is passed over a wave of molten solder to solder the components securely.
- **Calibration, functional test, and final assembly:** The assembled PCBs undergo various calibrations, inspections and tests to ensure they meet quality standards. The optical and/or Wi-Fi functionality of the PCB is calibrated, and the board is tested under thermal conditions to ensure it can withstand temperature variations. Functional testing is performed to verify the PCB’s operation, including signal processing, communication interfaces, and sensor calibration. Any necessary manual adjustments or repairs are made, and the assembled PCB is stored.

---

## BUSINESS

---

- ***Final check, labeling, and ackaging:*** In the final stage, the product is assembled, labeled, and prepared for shipping. Labels are applied to the cartons and pallets, and the products are stored and retrieved for shipping. A final audit is conducted on a batch of products before shipping to ensure they meet the specified quality standards. The products are packed and tested one last time, and a final functional test is conducted to ensure the product is ready for use. This stage ensures that the final product is of high quality and ready for delivery to customers.

### **Maintenance**

We carry out inspections and maintenance at our in-house facilities or at co-location sites for our machinery and equipment on a periodic basis. We have developed and periodically updated internal repair and maintenance protocols at these locations according to the characteristics and requirements of the particular equipment and machinery to ensure that production lines perform at optimal levels. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged suspension of operations due to failures of our machinery or equipment at these locations that resulted in material adverse impacts on our results of operations or financial condition.

### **Quality control**

Product quality is a key driver of our business success, and we aim to always provide reliable products to customers while adhering to the relevant laws, regulations, and industry standards. To achieve this, we have implemented a detailed product quality management system. This system, which is led by our general managers as the key responsible persons, includes creating a three-year annual quality plan, forming quality policies and objectives, and establishing policies on key topics such as quality control, corrective and preventive management procedures, and product recall management. A specialized quality control department is responsible in overseeing the entire product quality control process and handles quality-related issues such as customer complaints, supplier deliveries, routine and unexpected quality issues, defective items, and quality incidents. This quality control process covers the entire product lifecycle, from raw materials procurement, production, sales, and marketing to aftersales services.

The following are the key aspects of such quality control process:

- ***Moni o i n g o o d c :*** We identify potential quality risks at various stages of the product lifecycle and establish plans to address these situations. Periodic evaluations are conducted to classify and assess these risks. Regular first article inspection (“**FAI**”) of products is performed, with products selected at random, and formal rules and guidelines are established to ensure consistent quality monitoring.

- *T. aceabli* . :

## BUSINESS

### Our major customers

The following table sets forth details of our five largest customers in 2022:

Customer	Revenue	Percentage of total revenue of our Group	Year of commencement of business relationship	Type(s) of products provided by us	Credit period granted by us	Payment method
	<i>RMB'000</i>	<i>%</i>				
Customer A <sup>(1)</sup> . . . . .	1,269,705	33.6	14	Broadband and wireless products	90 days	Telegraphic transfer
Customer B <sup>(2)</sup> . . . . .	471,107	12.5	8	Broadband and wireless products	60 days	Telegraphic transfer
Customer C <sup>(3)</sup> . . . . .	344,155	9.1	14	Photonics, broadband, and wireless products	60 days	Telegraphic transfer
Customer D <sup>(4)</sup> . . . . .	174,021	4.6	14	Photonics and broadband products, and others	30 days	Telegraphic transfer
Customer E <sup>(5)</sup> . . . . .	139,510	3.7	8	Wireless products	45 days	Telegraphic transfer
<b>Total</b> . . . . .	<b><u>2,398,498</u></b>	<b><u>63.5</u></b>				

*Notes:*

- Customer A is a multinational data networking and telecommunications equipment company headquartered in Finland. It is a listed company on the Nasdaq Helsinki and Euronext Paris and the New York Stock Exchange, and it operates in over 100 countries with over 90,000 staff members and a registered capital of USD3 billion. Customer A is a JDM customer and it is also Supplier C, please refer to the sub-section headed “— Overlapping Customers/suppliers” in this section.
- Customer B is a telecommunications company providing broadband internet, digital television, and computer technical support to residential and business customers in the United States. It is a listed company on the NASDAQ Stock Market, and it has a staff size of over 15,000 staff members and a registered capital of USD100 million. It is also an ODM customer.
- Customer C is a company specializing in the design, production, and sales of electronic products and integrated circuit products, headquartered in China. It is a listed company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, and it has over 70,000 staff members and a registered capital of USD2 billion. It is also an ODM customer.
- Customer D is a global provider of information and communications technology infrastructure and smart devices, headquartered in China. It is a private company with around 190,000 staff members and a registered capital of USD5 billion. It is also a JDM customer.
- Customer E is a company specializing in small cell technology, based in South Korea. It is a private company with a staff size of 200 and a registered capital of USD10 million. It is also a JDM customer.

## BUSINESS

The following table sets forth details of our five largest customers in 2023:

Customer	Revenue	Percentage of total revenue of our Group	Year of commencement of business relationship	Type(s) of products provided by us	Credit period granted by us	Payment method
	<i>RMB'000</i>	<i>%</i>				
Customer A . . . . .	1,114,738	36.1	14	Broadband and wireless products	90 days	Telegraphic transfer
Customer B . . . . .	630,150	20.4	8	Broadband and wireless products	60 days	Telegraphic transfer
Customer F <sup>(1)</sup> . . . . .	141,359	4.6	8	Photonics, broadband and wireless products	45 days	Telegraphic transfer
Customer E . . . . .	129,215	4.2	8	Wireless products	45 days	Telegraphic transfer
Customer G <sup>(2)</sup> . . . . .	107,192	3.5	6	Wireless products	45 days	Telegraphic transfer
<b>Total . . . . .</b>	<b><u>2,122,654</u></b>	<b><u>68.8</u></b>				

*Notes:*

- Customer F is a fiber broadband internet service provider based in the United States. It is a private company with a staff size of around 1,000 and a registered capital of USD50 million. It is also an ODM customer.
- Customer G is a company that provides consulting, application development, infrastructure/network development, security, and outsourcing services, based in United States. It is a private company with 500 staff members and a registered capital of USD5 million. It is also a JDM customer.



## BUSINESS

The following table sets forth details of our five largest customers in the six months ended June 30, 2025:

Customer	Revenue	Percentage of total revenue of our Group	Year of commencement of business relationship	Type(s) of products provided by us	Credit period granted by us	Payment method
	<i>RMB'000</i>	<i>%</i>				
Customer A . . . . .	848,919	41.7	14	Broadband and wireless products	90 days	Telegraphic transfer
Customer B . . . . .	380,126	18.7	8	Broadband and wireless products	60 days	Telegraphic transfer
Customer I <sup>(1)</sup> . . . . .	223,592	11.0	1	Photonics, broadband and wireless products	90 days	Telegraphic transfer
Customer F . . . . .	174,652	8.6	8	Photonics, broadband and wireless products	45 days	Telegraphic transfer
Customer J <sup>(2)</sup> . . . . .	50,221	2.5	6	Broadband and wireless product	60 days	Telegraphic transfer
<b>Total . . . . .</b>	<b><u>1,677,510</u></b>	<b><u>82.5</u></b>				

*Notes:*

- Customer I is a company that wholesales telecommunication products, based in United States. It is a private company. It is also a ODM customer.
- Customer J is a company that provides broadband internet services, based in United States. It is a private company. It is also an ODM customer.

Our Directors confirm that, as of the Latest Practicable Date, the five largest customers of our Group during each year/period of the Track Record Period were all Independent Third Parties and, during the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of such customers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers.

***Relation hi i h o l a g e c o m e d i n g h e T a c k R e c o d P e i o d***

Customer A is an Independent Third Party. During the Track Record Period, Customer A was our largest customer and our revenue derived from Customer A amounted to RMB1,269.7 million, RMB1,114.7 million, RMB1,525.8 million, and RMB848.9 million, representing 33.6%, 36.1%, 41.8%, and 41.7% of our total revenue, respectively. Customer A is a multinational data networking and telecommunications equipment company headquartered in Finland.

---

## BUSINESS

---

Customer A and our Company have an established relationship of 14 years, demonstrating our mutual dependence and strategic collaboration with Customer A. Customer A engages our Group under a JDM model, which requires a high degree of customization, technical coordination, and long-term commitment. According to F&S, the process of certifying a JDM manufacturer typically takes one to two years. This process places significant demands on the manufacturer's financial strength, operational capabilities, and engineering expertise. In the event of replacing a JDM manufacturer, substantial reinvestment would be required in identifying, qualifying, and certifying a new manufacturer. This would involve restarting a lengthy and costly certification process, which includes rigorous technical assessments, operational audits, and close supervision throughout the onboarding phase. Such a transition might also impose significant risks to product development timelines and supply chain continuity. As such, maintaining a long-standing JDM business relationship could mutually benefit the customer and the JDM manufacturer in terms of: (i) the customer gains a trusted and proven manufacturing partner capable of delivering highly customized solutions with agility and precision; and (ii) the JDM manufacturer benefits from stable, recurring business and early visibility into the customer's product roadmap, allowing advance planning and allocation of resources effectively. Furthermore, such a long-standing JDM business relationship signifies the customer's recognition of the JDM manufacturer's ability to deliver consistent, high-quality, and tailored solutions. Our Group entered into framework agreements with Customer A in 2016. These framework agreements are typically subject to renewal every 12 months. Since our business relationship commenced with Customer A, such framework agreements have been consistently renewed. The following sets forth the salient terms of the framework agreements that we had entered into with Customer A:

***Duration:***

The collaboration is effective for an initial term of 36 months and may extend the collaboration for 2 additional renewal terms of 12 consecutive months each.

***Scope of work:***

We shall provide and Customer A may purchase our products, and may purchase, maintenance, support and repair our services. Customer A may resell, sublicense, demonstrate, or use our products in hosted services, but orders are non-committal. Customer A is solely responsible for its own orders, payments, and compliance. We must provide quarterly spending reports, and Customer A retain rights to warranty, indemnification, and pricing terms. We cannot sell competing products. Customer A may use alternative suppliers and are not obligated to maintain purchase volumes. We grant Customer A limited rights to maintain and repair our products, including through third parties.

---

## BUSINESS

---

- Delivery :* Flexible delivery arrangements are implemented through collaborative forecasting with two options: Option 1 (being the default option) follows fixed lead times, allowing Customer A to cancel or reschedule orders without penalties if minimum notice is given; Option 2 defers to a separate logistics agreement. For delays, the Customer A may cancel orders, extend deadlines, or claim damages if late deliveries cause penalties from its end-user customers.
- Purchase order :* Purchase orders must be sent to our designated address and contacts and must include certain required elements including, among other things, product descriptions, delivery terms, pricing, delivery/invoice addresses, company contacts, order date/number, shipping instructions, quantities, and payment terms. Hardware and service cancellation and reschedule are flexible. Any order changes require written, signed authorization from both parties with agreed adjustments to pricing and schedules.
- Conditions and terms :* Payments must be made in agreed currency. Standard payment terms are 60 days from invoice date. Persistent late payment will trigger good faith negotiations. Electronic payments are required to our designated account, with 60 days' notice needed for any bank account changes, and Customer A shall not be liable for misdirected payments due to our failure to provide timely, accurate banking information.
- Dispute resolution:* Both parties shall first attempt good-faith negotiations before pursuing arbitration or legal action, while preserving all applicable legal defenses during the proceedings. The process begins with written notice and informal discussions between representatives, escalates to senior management if unresolved, and proceeds to arbitration if no settlement is reached, with all statutes of limitations tolled throughout the entire dispute resolution period.

---

## BUSINESS

---

**Liabili :** Both parties' liability are limited by excluding responsibility for damages arising from purchase orders. However, this does not apply to breaches of confidentiality, improper use of branding, intellectual property infringement, indemnification obligations, or claims involving bodily injury, death, or property damage where liability cannot legally be restricted.

Our Directors confirm that the transactions between Customer A and our Group during the Track Record Period were on normal commercial terms, similar to the other JDM agreements that we had entered into with other customers during the Track Record Period. Our Directors firmly believe that such long-term commitment underscores the trust and reliability that both parties have in each other, fostering a stable and predictable business environment. While alterations in the partnership with Customer A could significantly affect our operations, we have been employing a dual strategy of having one anchor customer supported by a large number of diverse customers. This approach ensures that we are not overly dependent on a single customer and can maintain operational stability even if changes occur. Our Directors believe, and the Sole Sponsor concurs, that the likelihood of significant negative changes, or the termination, of the relationship with Customer A is considered low. Factors contributing to this low likelihood include the established trust, long-term agreements, and the mutual benefits derived from a successful partnership between us.

### **Sales and marketing**

Our sales and marketing team comprised of 83 personnel as of June 30, 2025, with most members having at least six years of relevant experience. We have implemented a flexible marketing strategy to serve a full range of customers, focusing on sales directly to ICT equipment providers, telecommunications operators, cloud data center operators, internet technology companies, and traditional intermediaries like system equipment manufacturers. Our marketing activities primarily include trade shows and exhibitions, but we also reach customers through forums and seminars.

Our team members are localized to multiple countries to be in close proximity to our customers, bringing dedicated expertise and knowledge to them. We have established region-focused sales and marketing teams for North America, Europe, China, and Southeast Asia. Our team proactively identifies market opportunities and designs sales strategies to capitalize on them. To fully serve our customers, we assign a marketing manager and establish a team dedicated specifically to each major customer. The sales manager responsible for a specific customer works closely with both the customer and our employees, including staff from our research and development teams and product design and development engineers from our manufacturing facilities, to develop products tailored to meet that customer's specific needs.

We would also acquire customers by leveraging our brand reputation and industry influence, established through long-term, comprehensive, and in-depth collaboration with top-tier companies across the years. For instance, we have been a member of the Broadband Forum for over a decade. This is a non-profit industry organization dedicated to designing smarter and faster broadband networks, and is highly influential in the telecommunications industry. In 2011, we became one of the first companies to achieve BBF.247 certification, a significant program under the Broadband Forum, ensuring interoperability of GPON standards from different manufacturers. We have also regularly attended the Network X Exhibition (the former Broadband World Forum Exhibition), the very recent of which was held at the Paris Expo Porte de Versailles in 2024, where we demonstrated our latest technologies and products to potential customers, and gained insights into the industry trends and the offerings of other manufacturers. We have also regularly attended the Optical Fiber Communication Conference and Exhibition, an annual industry event in the global optoelectronics and optical communications field, jointly organized by the Optical Society of America, the IEEE Communications Society, and the IEEE Lasers and Electro-Optics Society. By regularly presenting our products at this event, we demonstrated our innovative capabilities and leadership in the optoelectronics industry.

### **Pricing and payment**

We set prices for our products primarily based on the estimated costs incurred in the design and production of a product plus of 69.rom 69.fstm-352.3(a)thao6lctbaef (co(thnd)-36.3(a)--352.3(a)th

---

## BUSINESS

---

potentially occur within the product quality system. In the event that a batch of delivered products might be found unsuitable post-delivery, we will strictly follow such procedures for product recall and will promptly inform the relevant stakeholders.

### *Product defect and recall*

With years of experience in technical design and applications, we have established a comprehensive product quality management system, obtaining eight major management system certifications, including, among others, ISO: 9001 Quality Management System, TL: 9000 Telecommunications Quality Management System, QC: 080000 Hazardous Substance Process Management System, and ISO: 27001 Information Security Management System.

The following flowchart sets forth a summary of such procedures in relation to defective products and recalls:

<u>Steps</u>	<u>Responsible department</u>
1. Analyze product quality issues and provide relevant data.	Quality department
2. Decide on whether a recall is necessary.	Business unit
3. a. Form a recall team to manage the recall process.	Recall team
b. Identify the products that need to be recalled.	
c. Confirm recall information.	
d. Prepare necessary documentation.	
4. Communicate the recall information to customers.	Sales department
5. a. Collect and dispose of recalled products.	Recall team
b. Review recall process and management system for improvements.	
c. Prepare a summary report of the recall.	

Upon receiving a notification from a customer regarding a potential product defect which may require a recall, our process begins with the quality control department analyzing the product quality issues and providing relevant data. This department is responsible for identifying any defects in the products and gathering all necessary information to understand the extent and nature of the problem. Once the analysis is complete, the business unit leader makes a decision on whether a recall is necessary. This decision is based on the severity of the defects and the potential impact on customers and the commercial and warranty terms with the customers.

If a recall is deemed necessary, a recall team is formed. This team is responsible for managing the entire recall process. The first task of the recall team is to identify the products that need to be recalled. This involves tracing the defective products and ensuring that all affected items are accounted for. Once the products are identified, the recall team confirms the recall information and prepares the necessary documentation. This documentation includes details about the recall process, the reasons for the recall, and instructions for customers on how to return the defective products.

The next step is to implement the recall. The sales department plays a crucial role in this stage by communicating the recall information to customers. They ensure that all customers who have purchased the defective products are informed about the recall and provided with instructions on how to return the products. The recalled products are then collected and disposed of appropriately. The recall team is responsible for overseeing this process and ensuring that all recalled products are handled according to the established procedures.

After the recall is completed, we will focus on corrective and preventive actions. This involves reviewing the recall process and the management system to identify any areas for improvement. The goal is to optimize the design and production procedures and prevent similar issues from occurring in the future. The recall team prepares a summary report of the recall, which includes an analysis of the root cause, the effectiveness of the corrective actions, and any recommendations for future improvements.

### *C o m e l a i n a n d c o m p l a i n*

We also place a high priority on customer satisfaction and have implemented a comprehensive internal system to record, track, and maintain our relationships with customers. This system also allows us to analyze feedback received from end-users, enabling us to respond to their needs efficiently and promptly. By leveraging insights generated from our system, we continuously enhance the end-user experience. Key aspects of our customer communication and complaint handling efforts include:

- *Reception and registration:* For urgent complaints, we provide an initial response within 24 hours, while general complaints are addressed within 48 hours. The details of each complaint, including the content, time, and contact information, are meticulously recorded in a complaint registration form to ensure traceability.

---

## BUSINESS

---

- *Anal sis and resol tion:* Relevant departments are tasked with analyzing and investigating complaints to understand their root causes and essence. Based on the nature of the problem and customer requirements, a resolution plan is formulated and communicated with the customer for confirmation, ensuring timely resolution of the issue.
- *Rectification:* We maintain a complaint database to record the details of each complaint, including the handling process and outcome, for management and analysis purposes. Regular statistical analysis of complaint data is conducted to summarize complaint types, causes, and solutions. This information is used to conduct business training, propose improvement measures, and prevent the recurrence of similar issues.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls, or product liability claims due to quality control issues, nor did we receive complaints from customers, that materially and adversely affected our results of operations.

### MARKET COMPETITION

According to F&S, the global integrated OWCD industry encompasses a comprehensive suite of devices essential for the optical communication and wireless networking industry, including photonics, wired broadband access, and wireless network access devices. From 2020 to 2024, the global sales revenue of the integrated OWCD industry increased from USD32.4 billion to USD54.6 billion, with a CAGR of 13.9% and is expected to reach USD111.8 billion by 2029, representing a CAGR of 15.4% from 2024. In terms of market competition, the global integrated OWCD industry is relatively competitive with total market size of USD12.4 billion in 2024. The top five players had an aggregate of 29.0% of the market share in the industry in terms of sales revenue. Our Company ranked 5<sup>th</sup> among all players, with a market share of 4.1% in global integrated OWCD industry. Among the integrated OWCD industry, full-sector coverage participants, including photonics, PON devices and wireless network access devices, have the capability to provide end-to-end solutions. We are one of the few and the second largest market participant in the global OWCD industry with full-sector coverage in 2024.

For further details, please refer to the section headed “Industry Overview” in this Prospectus.

### SUPPLIERS, PROCUREMENT, AND INVENTORY

Our suppliers primarily include, among others, semiconductor chip manufacturers and our co-location partners. While each of our three solution categories may depend on specific suppliers for their main chips, overall procurement risk is mitigated through diversification across these segments. Suppliers are selected carefully, considering factors such as their technologies, supply capacity, quality of their products, price, corporate history, number of employees, ratio of technical quality staff, ISO: 9001 certifications, social responsibility,

## BUSINESS

financial performance, industry position, and experience. We conduct regular monthly assessments of suppliers' quality, delivery, pricing, and service delivery to ensure they meet of our standards. A database is maintained for suppliers who fail to meet these standards, and a list of qualified suppliers is established for each type of raw material.

### Our major suppliers

During the Track Record Period, our major suppliers comprise mostly providers of telecommunications parts and components. In 2022, 2023, and 2024, and the six months ended June 30, 2025, purchases from our five largest suppliers in each year/period of the Track Record Period amounted to RMB1,130.5 million, RMB709.7 million, RMB1,089.4 million, and RMB754.6 million, respectively, accounting for 34.0%, 35.3%, 38.8%, and 44.3% of our total purchases for each of the same periods.

The following table sets forth details of our five largest suppliers in 2022:

Supplier	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Nature of purchase	Credit period granted to us	Payment method
	<i>RMB'000</i>	%				
Supplier A <sup>(1)</sup> . . . . .	282,536	8.5	13	BOSA and processing services	60 days	Telegraphic transfer
Supplier B <sup>(2)</sup> . . . . .	263,037	7.9	10	Integrated circuit	90 days	Telegraphic transfer
Supplier C <sup>(3)</sup> . . . . .	239,380	7.2	14	Integrated circuit	60 days	Telegraphic transfer
Supplier D <sup>(4)</sup> . . . . .	176,794	5.3	13	Integrated circuit	90 days	Telegraphic transfer
Supplier E <sup>(5)</sup> . . . . .	168,703	5.1	11	Integrated circuit	90 days	Telegraphic transfer
<b>Total</b> . . . . .	<b><u>1,130,450</u></b>	<b><u>34.0</u></b>				

*Notes:*

- Supplier A is a company that specializes in the research and manufacturing of optical components, headquartered in China. It is a listed company, with a staff size of about 500 and a registered capital of USD50 million.
- Supplier B is company headquartered in China, specializing in the wholesale distribution of electronic parts and electronic communications equipment. It is a private company with a staff size of around 200 and a registered capital of USD10 million.
- Supplier C is a multinational data networking and telecommunications equipment company headquartered in Finland. It is a listed company that operates in over 100 countries, with a staff size about 90,000 and a registered capital of USD3 billion. Supplier C is also Customer A of our Group, please refer to the sub-section headed “— Overlapping Customers/suppliers” in this section.

## BUSINESS

4. Supplier D is an electronics components distributor and application solutions provider, headquartered in China. It is a private company with a staff size of around 300 and a registered capital of USD20 million.
5. Supplier E is a company operating electronic product distribution businesses, headquartered in based in China. It is a private company with a staff size of around 150 and a registered capital of USD5 million.

The following table sets forth details of our five largest suppliers in 2023:

Supplier	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Nature of purchase	Credit period granted to us	Payment method
	<i>RMB'000</i>	%				
Supplier F <sup>(1)</sup> . . . . .	186,492	9.3	13	Integrated circuit	90 days	Telegraphic transfer
Supplier A . . . . .	180,920	9.0	13	BOSA and processing services	60 days	Telegraphic transfer
Supplier C . . . . .	130,290	6.5	14	Integrated circuit	60 days	Telegraphic transfer
Supplier D . . . . .	109,191	5.4	13	Integrated circuit	90 days	Telegraphic transfer
Supplier E . . . . .	102,831	5.1	11	Integrated circuit	90 days	Telegraphic transfer
<b>Total</b> . . . . .	<b><u>709,724</u></b>	<b><u>35.3</u></b>				

*Note:*

1. Supplier F is a company specializing in the distribution of electronic parts and components, headquartered in China. It is a private company with a staff size of around 1,000 and a registered capital of USD15 million.

The following table sets forth details of our five largest suppliers in 2024:

Supplier	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Nature of purchase	Credit period granted to us	Payment method
	<i>RMB'000</i>	%				
Supplier F . . . . .	291,946	10.4	13	Integrated circuit	90 days	Telegraphic transfer
Supplier C . . . . .	235,427	8.4	14	Integrated circuit	60 days	Telegraphic transfer
Supplier B . . . . .	234,398	8.3	10	Integrated circuit	90 days	Telegraphic transfer

## BUSINESS

Supplier	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Nature of purchase	Credit period granted to us	Payment method
	<i>RMB'000</i>	%				
Supplier A . . . . .	165,061	5.9	13	BOSA and processing services	60 days	Telegraphic transfer
Supplier E . . . . .	162,572	5.8	11	Integrated circuit	90 days	Telegraphic transfer
<b>Total . . . . .</b>	<b><u>1,089,404</u></b>	<b><u>38.8</u></b>				

The following table sets forth details of our five largest suppliers in the six months ended June 30, 2025:

Customer	Purchase amount	Percentage of total purchase	Year of commencement of business relationship	Nature of purchase	Credit period granted to us	Payment method
	<i>RMB'000</i>	%				
Supplier F . . . . .	272,976	16.0	13	Integrated circuits	90 days	Telegraphic transfer
Supplier C . . . . .	168,460	9.9	14	Integrated circuits	60 days	Telegraphic transfer
Supplier E . . . . .	121,264	7.1	11	Integrated circuits	90 days	Telegraphic transfer
Supplier B . . . . .	105,148	6.2	10	Integrated circuits	90 days	Telegraphic transfer
Supplier A . . . . .	86,708	5.1	13	BOSA and processing services	60 days	Telegraphic transfer
<b>Total . . . . .</b>	<b><u>754,556</u></b>	<b><u>44.3</u></b>				

Our Directors confirm that, as of the Latest Practicable Date, the five largest suppliers of our Group during each year/period of the Track Record Period were all Independent Third Parties and, during the Track Record Period and up to the Latest Practicable Date, none of our Directors or their respective close associates or any of our Shareholders, to the knowledge of our Directors, owned more than 5% of our issued Shares, had any interest in any of our such suppliers. During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our suppliers.

### **Supply chain management**

We place significant emphasis on supply chain management and we have put in place internal measures that standardize the processes for supplier classification, development and onboarding, material selection and certification, category management, audit management, performance evaluation, supplier qualification cancellation, reinstatement, and other procedures. These measures are designed to align supplier resources with our development needs, stabilize the supply of products and services, and ensure the quality of the products supplied.

Suppliers are categorized into three levels: core, important, and general, based on the importance of the procured materials, each level has specific qualification requirements, which include the number of employees, the ratio of technical personnel, ISO: 9001 certification, social responsibility, supply chain security systems, and financial performance.

Before engaging new suppliers, relevant departments will conduct qualification investigations and on-site audits as needed. Established suppliers are managed through our supplier performance standards, with key material suppliers generally audited every two years. For suppliers that fail such audits, corrective measures are tracked and verified. If requirements are still not met, the supplier's qualification is canceled after mutual agreement.

To mitigate supply chain risks, we usually enter into a general procurement agreement with our suppliers. This agreement includes several key components: confidentiality agreement, quality assurance agreement, declaration on conflict-free minerals, code of conduct, supplier integrity and anti-corruption agreement.

The above measures help us ensure the effective implementation of following principles:

- ***Compliance with labor standards*** : our suppliers shall provide humane treatment to their employees, prohibit discrimination, forced labor, child labor, or any other human rights violations.
- ***Work safety*** : our suppliers shall ensure safety in workplace through appropriate design, engineering and management control, preventive maintenance, safe operating procedures, and continuous safety training to ensure employees' health and safety.
- ***Environmental protection***: our supplier shall comply with environmental laws and regulations, prevent pollution, conserve resources, and minimize the use of hazardous substances.
- ***Adherence to business ethics standards*** : our suppliers are strictly prohibited of any forms of corruption, extortion, and embezzlement, and shall implement, monitor and enforce procedures to ensure compliance with anti-corruption rules and regulations.

---

## BUSINESS

---

During the Track Record Period and up to the Latest Practicable Date, there had not been any instances where our suppliers were in breach of such codes and agreements that had resulted in a material and adverse impact on our results of operations and financial position.

### **Raw materials, parts, and components**

We procure a wide variety of raw materials, parts, and components, such as integrated circuit chips, structural components, transistors, and connectors from suppliers located in Chinese Mainland, Hong Kong, Germany, Japan, India, South Korea, Malaysia, Singapore and others.

During the Track Record Period, purchases of raw materials, parts, and components from Chinese Mainland accounted for 56.3%, 52.8%, 53.9%, and 53.5% of our total purchases for each of the same year/period.

During the Track Record Period, purchases of raw materials, parts, and components from Hong Kong accounted for 33.2%, 34.0%, 37.6%, and 39.1% of our total purchases for each of the same year/period.

During the Track Record Period, purchases of raw materials, parts, and components from each other countries and regions accounted for less than 5% of our total purchases for each of the same year/period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any quality issues with, or shortage of, our raw materials, parts, or components that had resulted in a material and adverse impact on our operations. A localized and stable supply chain is one of our key priorities. To prepare for potential shortages, we have engaged in discussions with qualified international suppliers to establish long-term strategic partnerships and have broadened our supplier base, thus securing a stable supply of raw materials and critical components. In the near future, most of our raw materials are not expected to face long-term or short-term shortages. While there may be occasional temporary shortages of specific materials, these instances are expected to be rare.

The following sets forth the salient terms of the raw materials procurement agreements that we typically enter into with our suppliers:

<b><i>Duration:</i></b>	It depends on the nature of the raw materials and the supplier relationship, but typically these agreements have a term of 12 months with options for renewal.
<b><i>Scope of work:</i></b>	Generally includes the supply of specified raw materials in agreed quantities and quality standards, along with any associated logistics or compliance requirements.

---

## BUSINESS

---

<b><i>Role and responsibilities of each party:</i></b>	The supplier is responsible for sourcing, quality assurance, and timely delivery of raw materials. We will be responsible for issuing purchase orders, providing forecasts, and ensuring timely payment.
<b><i>Delivery:</i></b>	Delivery happens after receiving the complete invoice and acceptance of agreed account payment. The delivery date is when all parts are delivered to the destination. Our suppliers shall inform us two weeks before if they cannot reach the delivery date.
<b><i>Purchase order:</i></b>	Purchase orders are typically issued monthly or quarterly based on forecasted demand. They include item descriptions, quantities, delivery dates, and pricing.
<b><i>Credit term and amount:</i></b>	Payment is due 90 days after the end of the month of shipment.
<b><i>Dispute resolution:</i></b>	It depends on the regions and the parties involved, but generally include a clause for mediation followed by arbitration under a recognized body.
<b><i>Liability:</i></b>	It depends on the regions and the nature of the raw materials, but typically the supplier assumes liability for any defects, contamination, or non-conformance that result in damage, loss, or regulatory penalties. The supplier may be required to purchase product liability insurance and indemnify us against third-party claims.
<b><i>Termination:</i></b>	In most cases, either party may terminate the agreement by writing upon giving a notice period. Immediate termination may occur in cases of material breach, insolvency, or failure to meet quality or delivery obligations.

### **Inventory management**

Effective inventory management is considered critical to our operational success, guided by precise planning and accurate demand forecasting. By synchronizing our production schedules with market demand, we optimize inventory levels to meet customer requirements without overstocking or understocking. To achieve this objective, we have established inventory management practices that include maintaining a strategic buffer stock of unfinished goods that are ready to be utilized on short notice to fulfill customer orders. We provide our suppliers with a forecast of our purchase needs several months in advance, followed by individual purchase orders specifying product quantities and delivery terms. Typically, it takes

---

## BUSINESS

---

approximately several weeks from placing a purchase order to receiving the products in our warehouse. Additionally, we conduct regular inventory audits of these unfinished goods to ensure an adequate and accurate stock level to support our operations. Monthly, quarterly, and semi-annual audits are performed based on the types of materials stored, along with an annual comprehensive audit of our entire inventory.

In terms of our finished goods, all of the items produced in our in-house facility in Shanghai, or at our co-location partners' facilities in China, will be first transported to a storage area housed inside our in-house facility in Shanghai. Such storage area occupies a GFA of 2,500 sq.m., whereas items produced by our overseas co-location partners will be stored in a dedicated storage area at their facilities. Such dedicated areas typically occupy a GFA between 2,000 sq.m. and 2,500 sq.m.. As our customers generally have specific delivery destinations for their purchase orders, we would coordinate and arrange transportation for the delivery of products via third-party transportation services providers to ensure that the products reach these customers in a timely manner. The costs and liability of products during transport can be borne by the customer, or us, depending on the agreements made. In some instances, customers would also arrange the collection of our products on their own accord. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances of inventory management that had resulted in a material and adverse impact on our financial condition.

Technology also plays a pivotal role in our supply chain and inventory management system. We leverage advanced tools and software to monitor inventory levels in real-time, analyze trends, forecast future demands, and manage stock across our supply chain. These technologies enable us to make data-driven decisions, improve accuracy in our inventory counts, and enhance overall efficiency. For more information of such technologies, please refer to the subsection headed “— Our technologies” in this section.

### OVERLAPPING CUSTOMERS/SUPPLIERS

In-line with the common industry practice, during the course of our business operations, we had designed products that cater to the needs of certain telecommunications conglomerates from which we had to purchase specific raw materials necessary to manufacture the products according to their specifications and quality control requirements. In 2022, 2023, and 2024, and the six months ended June 30, 2025, we had three, one, one, and one of our five largest customers during the Track Record Period that were also our suppliers, generating a revenue of RMB1,753.4 million, RMB1,114.7 million, RMB1,525.8 million, and RMB848.9 million, which represented 46.3%, 36.1%, 41.8%, and 41.7% of our total revenue, respectively. For the same periods, the purchases from such overlapping customers/suppliers amounted to RMB416.4 million, RMB130.3 million, RMB235.4 million, and RMB168.5 million, which represented 12.6%, 6.5%, 8.4%, and 9.9% of our total purchases, respectively. One of such overlapping customer/supplier which is also one of our five largest customers and suppliers during the Track Record Period is Customer A/Supplier C. Our Directors also confirm that none of the transactions between us and our overlapping customers/suppliers were inter-connected or inter-conditional, and all of such overlapping customers/suppliers are Independent Third Parties. Our Directors affirm that the prices of transactions with overlapping

customers/suppliers are comparable to those of similar transactions conducted with other customers/suppliers of our Group. We would only purchase raw materials for the purpose of producing products intended for sale to the same customers from such suppliers, and then sell finished products to such customers. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, none of our products that are sold to our customers are then purchased by the Group, nor were there any raw materials sold to our Group by our suppliers were then purchased by such suppliers. We also confirm that all products provided to and products received from overlapping customers/suppliers during the Track Record Period were conducted at arm's length, under normal commercial terms, and in the ordinary course of business.

## **INTELLECTUAL PROPERTY**

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property as critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property. For detailed information about our material intellectual property, please refer to “Appendix VI — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights” to this Prospectus. During the Track Record and as of the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks,

---

## BUSINESS

---

The following table shows the numbers and percentages of our full-time employees based overseas by function as of June 30, 2025:

Function/department	Number of employees	% of total employees
R&D . . . . .	55	46.2
Production . . . . .	7	5.9
Sales and marketing . . . . .	28	23.5
Finance . . . . .	5	4.2
Admin and other general functions . . . . .	24	20.2
<b>Total</b> . . . . .	<b>119</b>	<b>100.0</b>

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience, their educational background, and our vacancy needs. We offer employees fair and competitive compensation and benefits, and incentivize employees to improve their performance with a performance-based compensation system. Our compensation system includes base pay, performance-based salary, bonuses, project bonuses, and allowances and subsidies, while our benefits system includes statutory benefits, supplementary commercial insurance, leaves, health check-ups, and holiday benefits. We encourage employees to participate in discussing and improving the system of compensation and benefits, keep abreast of employees' demands and expectations, and make appropriate adjustments based on actual conditions. These efforts aim to ensure that the system of compensation and benefits meets both employees' demands and our Company's development needs, and improve employee satisfaction and recognition of the system. We typically enter into individual employment contracts with our employees covering matters such as wages, employee benefits, employment scope, and grounds for termination. As of the Latest Practicable Date, our employees had not negotiated their terms of employment through any labor union or by way of collective bargaining agreements.

We adhere to the principles of openness, fairness, impartiality, and merit-based selection, set job positions based on actual needs, and ensure talent-post matching during employment. We prohibit any form of forced or bonded labor, corporal punishment, imprisonment, or threats of violence. The employment of child labor or minors under 18 years old and recruitment through coercion or deception are also strictly forbidden. Our goal is to protect employees' legal rights and interests and fulfill our responsibilities as an employer.

We also value workplace equality and diversity, ensuring that no employee is discriminated against due to gender, race, marital status, surname, geographic origin, religious beliefs, or other differences during employment. We safeguard employees' right to equal employment, foster a respectful work environment, and respect employees' dignity and

personality, ensuring that employees are not subjected to any form of physical, verbal, psychological, or gender-based harassment or abuse. As of June 30, 2025, we had a total of 1,281 employees, with 33.8% female employees, 56.8% holding bachelor's degrees or higher, and 9.3% overseas employees.

Our Directors also confirm that during the Track Record Period and up until the Latest Practicable Date, we had not received any fines, penalties, warnings, or administrative actions against us by any local authorities in relation to our employees and any relevant local labor laws or regulations.

Our employees undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards, and applicable laws and regulations. Our training follows principles of systemization, specialization, diversification, and effectiveness. Our hierarchical training framework involves overall planning and supervision by our Company, with implementation by functional departments, branches, and subsidiaries. Training programs include internal training, external training, and self-directed learning. We ensure continuous, systematic, and effective training through established policies. We prioritize internal training while incorporating external courses selectively and adopt a blended learning approach to meet diverse learning needs. To better support our business expansion into the PRC and/or overseas markets and enhance our employees' international competencies, we conduct regular business English training for our employees every year.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages, or labor strikes that led to disruptions in our Group's operations.

Under PRC law, employers are required to participate in various employee benefit programs, including the social insurance fund and housing provident fund, and to contribute amounts equal to a specified percentage of employees' salaries (including bonuses and allowances), up to a cap set by local governments where the business operates. During the Track Record Period, we engaged third-party agencies to make social insurance and housing provident fund contributions on our behalf for approximately 132, 33, 7, and nil employees,

amount for each day of delay. If we fail to make such payments within the prescribed period, we may be subject to a fine of one to three times the amount of the outstanding contributions. However, our PRC Legal Advisor has further advised that the risk and likelihood of us being subject to these penalties is remote based on the following factors: (i) we entrusted third-party companies to pay social insurance and housing provident fund for only limited number of

---

## BUSINESS

---

### INSURANCE

We consider our insurance coverage to be adequate, as we maintain all the mandatory insurance policies required by the relevant laws and regulations and in accordance with the commercial practices in our industry. We also maintain an insurance policy for our fixed assets and an product liability insurance for products produced in China. In line with general market practice, we do not maintain any business interruption insurance, which are not mandatory under PRC laws. We do not maintain any “key man” insurance or insurance policies covering damages to our information technology systems. We have also secured several insurance policies to protect our overseas operations. Our general liability insurance provides comprehensive coverage for general company liabilities and liabilities for products manufactured overseas. We have property insurance that covers our office renovations, office furniture and fixtures, R&D equipment, inventories, production equipment, and electronic devices, ensuring they are safeguarded against potential damages or losses. To protect against claims of negligence or inadequate work, we have errors and omissions Insurance. Our cargo insurance insures the liability for goods shipped and delivered, protecting against potential losses or damages during transit. In relation to our overseas employees, our employment practices liability insurance covers claims related to employment practices, such as wrongful termination, discrimination, and harassment, ensuring that we are protected against employment-related lawsuits. Our employees in the United States will also be protected by a worker’s compensation program.

During the Track Record Period, we did not make any material insurance claims in relation to our business.

### PROPERTIES

#### Owned properties

As of the Latest Practicable Date, we owned six properties in China, with a total GFA of approximately 110,424.30 sq.m.. We use these properties as premises for R&D, production, and other ancillary purposes. As of the Latest Practicable Date, we had obtained the title certificates for all our owned properties. Our PRC Legal Adviser is of the view that we have legal title to these properties and the land use rights for the land occupied by these buildings. As of June 30, 2025, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempt from the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

---

## BUSINESS

---

### Leased properties

As of the Latest Practicable Date, we leased multiple properties in China and overseas from Independent Third Parties, with an aggregated GFA of approximately 34,842.29 sq.m., which are primarily used as office buildings, R&D, and production. We did not experience any material difficulties in negotiating a renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, two out of our five leased properties in China, with a combined gross floor area of approximately 1,087.69 sq.m., had not been registered or filed with the relevant land and real estate administration bureaus in the PRC. According to our PRC Legal Adviser, while the absence of registration does not affect the validity of the lease agreements, the relevant authorities may require us to complete the registration within a prescribed period. Failure to do so may result in a fine ranging from RMB1,000 to RMB10,000 per unregistered lease. Accordingly, the maximum potential penalty for such non-compliance during the Track Record Period would be up to RMB20,000. As advised by our PRC Legal Adviser, the two unregistered leased properties we occupy are fully compliant with local safety requirements, including fire safety, on the basis that: (i) these properties are not illegal or irregular constructions, and there are no legal obstacles or potential risks that affect our ability to lawfully use the premises for office purposes; (ii) the lessor has provided us with supporting documents, including the construction permit, completion acceptance record form, and pre-sale permit for commercial housing; (iii) the primary use of these properties is for office operations, and we have not received any notifications or rectification requirements from local regulatory authorities regarding non-compliance with safety regulations.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. In particular:

- An individual initiated a civil lawsuit which involved Mr. Gerald G Wong, a member of the Single Largest Group of Shareholders, concerning a contractual dispute. Concerning alleged share-based payments owe to him, as a result of a previous employment. On September 27, 2023, our Company was served with legal documents by the Shanghai Financial Court, which has accepted a civil action instituted by the plaintiff against Gerald G Wong and our Company concerning alleged share-based payments owe to the plaintiff. On April 18, 2024, the plaintiff applied for our Company's status to be changed from an original defendant to a third party in the proceeding. Accordingly, our Company ceased to be one of the defendants as of April 18, 2024. The case proceeded through the first-instance trial at the Shanghai Financial Court, which on December 30, 2024, issued a judgment ordering Gerald G Wong to pay approximately RMB25.2 million to the plaintiff. Consequently, on January 24, 2025, he filed an appeal seeking to overturn the

---

## BUSINESS

---

first-instance judgment or have the case remanded for retrial. As of the Latest Practicable Date, the first-instance judgment has not yet taken legal effect, the appellate court is reviewing the case. Our Directors confirm that none of the companies within our Group is a party in this lawsuit, no provision for contingent liability has been made, and there had been no material or adverse impact on our business, financial condition, share capital or results of operations in relation to these proceedings.

- CIG USA is currently involved in a patent infringement lawsuit filed in the United States District Court for the Northern District of California. The plaintiff alleges that CIG USA infringed on eight U.S. patents related to optical module technologies. The court had initially scheduled a jury trial to take place June 2026. However, in April 2025, such litigation was stayed by the court after being informed that CIG USA had initiated inter partes review (“IPR”) proceedings with the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board (“PTAB”) in January 2025 in relation to five of the eight patents. In April 2025, the plaintiff then filed a motion to deny these five IPR petitions. By late August 2025, four of these petitions were denied, and one was granted (with oral arguments scheduled in June 2026). Our Directors confirm that, to the best of their knowledge, CIG USA is requesting a rehearing regarding two of the denied petitions, and is also preparing to file a writ of mandamus to the U.S. Court of Appeals for the Federal Circuit seeking to reverse the decisions regarding the other two denied petitions. To the best knowledge of our Directors, the court will only reschedule the litigation proceedings after the PTAB has issued its rulings all of these IPR cases. For such reasons, no provisions for contingent liability has been made. Our Directors consider that, from the perspective of business operations, since our products and technologies are under constant iteration, the optical module technologies that are subject to the infringement lawsuit is expected to be, and will be gradually, replaced and eliminated in the normal course of our Company’s R&D process. As the lawsuit remains ongoing and the court will only reschedule the proceedings after the PTAB has issued its rulings in all of the IPR cases, and given that the plaintiff has not specified, and is unlikely to specify in the near term, any claim amount, such amount will only be determined upon judgment. Therefore, coupled with the timeline of the abovementioned lawsuit, our Directors are of the view, and the Sole Sponsor concurs, that such lawsuit have not had, and is not expected to have, any material adverse effect on our Company. Our Company has formulated an Intellectual Property Management Manual, Intellectual Property Risk Management and Control Procedures, and Intellectual Property System Dispute Resolution and Control Procedures to: (i) strengthen intellectual property management, enhance product added value and reduce intellectual property risk; (ii) promptly identify and monitor any infringement of our Company’s intellectual property and prevent or mitigate any potential adverse impact on our Company; and (iii) avoid or reduce the risk that our Company’s production and office equipment, software and products may infringe the intellectual property rights of others, and safeguard the security of our Company’s intangible assets. In addition, our Company will ensure the timely registration of its core patents.

---

## BUSINESS

---

Please also refer to the section headed “Risk Factors — Risks relating to our business and industry — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.” in this Prospectus. Even taking into account the cases mentioned above, in view of (i) the fact that our Company ceased to be one of the defendants in the lawsuit concerning the alleged share-based payments claimed by the plaintiff as of April 18, 2024, and is therefore not subject to any outcome of such lawsuit; and (ii) to the best knowledge of our Directors, the plaintiff’s claims are without merit and lack sufficient supporting evidence, and our Company will take all reasonable steps to safeguard its commercial interests, our Directors believe that, during the Track Record Period and up to the Latest Practicable Date, there was no material litigation or arbitration pending or threatened against us or our Directors that could, individually or in the aggregate, have a material and adverse effect on our business, financial condition, or results of operations.

### **Legal compliance**

Our Directors confirm that our Group has complied, in all material respects, with all relevant laws and regulations in the PRC and overseas, and there was no non-compliance incident that had materially and adversely affected our business, financial position, or results of operations during the Track Record Period and up to the Latest Practicable Date.

### **IMPACT OF THE 2025 U.S. TARIFF REGIME ON OUR GROUP’S BUSINESS MODEL**

In early 2025, the United States government enacted a series of EO that significantly altered the tariff landscape for imports from various jurisdictions. Among the most impactful measures were: (i) the imposition of a fluctuating range of tariff at rates from 55% to 145% on imports originating from the PRC, (which became effective April 10, 2025 and followed with reductions later on); and (ii) the repeal of the De Minimis Exemption under the United States Tariff Act of 1930, which previously allowed duty-free treatment for PRC-origin goods valued under USD800 per person per day, effective May 2, 2025. Subsequently, on May 12, 2025, the PRC and U.S. governments agreed to reduce the additional tariff rate to 54% (with 34% in relation to reciprocal tariffs and 20% in relation to fentanyl-related tariffs) on imports from the PRC and Hong Kong, with 24% of this tariff subject to a temporary suspension for an initial 90-day period, which had been extended multiple times until November 10, 2025. There is no certainty whether such a suspension would be extended or lifted after this date. Additionally, the tariff on goods that would have previously qualified under the De Minimis Exemption was adjusted to either 54% or USD200 per item, whichever is lower. According to our adviser as to U.S. tariffs laws and regulations, as of the Latest Practicable Date, for products originating from the PRC and shipped to the United States, the applicable tariffs may include: (i) a tariff of 30% (comprising 20% fentanyl-related, and 10% reciprocal tariff); (ii) “Section 301” tariffs that have been imposed since 2019 (ranging from 7.5% to 25%); and (iii) standard customs duties (i.e., MFN duties). For products that are classified under the HTSUS code 8517.62.0090, the applicable tariff, totalling at 27.5%, will include (i) a “Section 301” tariff of 7.5%; and (ii) a 20% fentanyl-related tariff, where the 10% reciprocal tariff will not apply due to an exemption under EO 14257 for HTSUS 8517.62.0090. Such U.S. tariffs remain fluid, and we will continue to monitor the evolving trade policies and potential second-order effects.

---

## BUSINESS

---

Despite these developments, our Directors are of the view, and the Sole Sponsor concurs, that the imposition of these tariffs has not had, and is not expected to have, a material adverse effect on our Group's operations, financial performance, or relationships with key customers and suppliers. This assessment is based on the following key factors:

- ***Strategic overseas development and diversified production capacity***: Our Group has long pursued an overseas development strategy aimed at reducing reliance on any single geographical region. Over the years, we have strategically expanded our production footprint to include facilities in Malaysia, the United States, Germany, and Poland. As of the Latest Practicable Date, the production capacity of our co-location partners in Malaysia can fully meet the sales volume of products to be sold to the United States. We have secured an allocated GFA of 18,000 sq.m. in Malaysia, with a planned annual production capacity of approximately 2.3 million units in 2024 and 1.5 million units for the six months ended June 30, 2025. This facility is capable of producing all product types across our three business lines.
- ***Tariff-free access to Malaysian production***: Our co-location manufacturing model is designed to be asset-light and highly adaptable to changes in market conditions, enabling us to scale production capacity in response to actual order volumes without the need for substantial capital investment in fixed assets. This flexibility allows us to mitigate the risk of underutilization during periods of fluctuating market demand and to respond swiftly to international trade uncertainties and geopolitical developments by reallocating production capacity across different co-location facilities. Currently, products manufactured outside of the PRC and shipped to the United States are not subject to the Section 301 tariffs and fentanyl-related tariffs applicable to PRC-origin goods if they (i) are manufactured, produced, or grown in another country (e.g., Malaysia); (ii) qualify under the “substantial transformation” test; or (iii) satisfy any other applicable U.S. country-of-origin rules in another country. If the country of origin is not designated as the PRC, the tariffs applicable to that country will apply instead. To this end, we believe that as long as our products are correctly classified under HTSUS 8517.62.0090 (as discussed below), the country of origin of our products is correctly determined as Malaysia, and exemptions under Executive Order 14257 (as discussed below) apply, our products should not be subject to any tariffs.
  - o In relation to the substantial transformation test, U.S. Customs duties and tariffs are imposed based on a product's country of origin, which, for Malaysia, is determined currently by the “substantial transformation test”, the analysis of which is based on considerations of name, character, and use by examining the totality of evidence produced. Such substantial transformation means that a product would have had to have undergone a fundamental change in form, appearance, nature, character, or use, normally occurring as a result of substantial processing or manufacturing in the country claiming origin. Assembly or combining components will not always constitute a substantial transformation. U.S. Customs would also look at other factors such as (i) the

complexity and nature of the operations performed; (ii) if the change adds to the good's value at an amount or percentage that is significant, compared to the value which the good (or its components or materials) had when exported from the country where it was first made or grown; or (iii) while not controlling, changes in tariff classification affected by a particular manufacturing operation. To this end, Our Directors confirm that, to the best of their knowledge, as the raw materials used by our co-location partners in Malaysia (no matter whether the raw materials come from the Chinese Mainland, Hong Kong or other countries) would go through the full manufacturing process and satisfy such a "substantial transformation test", the country of origin of products produced by our co-location partners in Malaysia would be designated as Malaysia (instead of Chinese Mainland or Hong Kong or other countries).

- o In addition, our adviser as to U.S. tariffs laws and regulations is of the view that based on the current technical specifications and comparable CBP rulings,

---

## BUSINESS

---

- *Cost optimization and co-location:* Leveraging our Malaysia co-location manufacturing facilities, our products remain cost-stable. In such cases, our customers may increase their procurement from us or expand the scope of collaboration to stabilize their own cost structures and supply chains. This dynamic may indirectly benefit our Group's business growth and market share.
- *Limited role of U.S.-based facilities:* Our U.S.-based co-location facilities currently have limited production capacity and contributed no revenue during the Track Record Period, they are positioned to support future localized demand. This localized demand may be driven by a growing preference among certain customers for domestically produced goods, or by the potential introduction of favourable government policies aimed at supporting local manufacturing in the United States. Our U.S.-based co-location facilities are also positioned as an alternative under U.S. tariff and trade policies. Moreover, products that are produced in the United States, for example, those from our co-location partners in the United States, would not be subject to import tariffs when sold in the U.S.. Nevertheless, our utilization of the co-location partner in the United States positions us well to capture such future localized demand. The pricing of products from these facilities already reflects local production costs and any applicable trade-related considerations. Since there were no sales from these facilities during the Track Record Period, they had no direct or indirect impact on our Group's financial performance.

Looking ahead, we will continue to enhance our global supply chain to maintain cost advantages and ensure capacity utilization. This includes meeting customer demand for localized production and further diversifying our sourcing and manufacturing footprint. Our Directors confirm, that we have not received any notifications from major customers or suppliers indicating changes to their procurement arrangements as a result of the trade war. During the Track Record Period, purchases of raw materials, parts, and components from suppliers based in the U.S. accounted for less than 5% of our total purchases for each of the same year/period.

Our Directors confirm that there have been no significant changes in our export sales arrangements with U.S. customers during the Track Record Period, before and after our Company began relying solely on its co-location manufacturing facility in Malaysia. We operate with a flexible deployment model across our in-house facilities and co-location partners in the PRC, Malaysia, Germany, Poland, and the United States. This operational approach allows us to determine the most suitable production location, either in the PRC or Malaysia, based on a comprehensive evaluation of landed costs. These costs include labor rates, logistics expenses, tariff implications, production efficiency, supply chain resilience, and prevailing economic conditions. During the Track Record Period and up to the Latest Practicable Date, our export sales to U.S. customers have primarily been conducted under Free On Board ("FOB") or Free Carrier ("FCA") terms. Under this arrangement, we fulfil our delivery obligations once the goods are loaded onto a vessel at the port of shipment or handed over to the carrier designated by the customer at the agreed location. Following the imposition of elevated tariffs on PRC-origin goods and the removal of the De Minimis Exemption in 2025,

---

## BUSINESS

---

our U.S. customers have borne, or will bear, the impact of these increased tariffs. While we are contractually able to pass on these additional costs to our customers under the FOB and FCA terms, doing so may adversely affect our customers' competitiveness in the U.S. market. In response, we strategically reallocated our production capacity to Malaysia. This shift enables our customers to maintain their business competitiveness and avoid the fluctuations of the customers' demand caused by the significant tariff increase. Consequently, we have manufactured products intended for U.S.-bound exports using our co-location manufacturing facility in Malaysia. The cost advantages associated with tariff-free imports (assuming the exemptions as discussed above apply) from Malaysia have been well received by our U.S. customer base, allowing us to continue meeting customer expectations following this transition.

While our Group has thus far remained resilient, we acknowledge that U.S. tariff and trade policies are subject to frequent changes driven by geopolitical dynamics, economic priorities, and regulatory agendas, which have become increasingly complex and unpredictable. These policies may be amended, expanded, or replaced with little or no notice. Potential second-order effects include (i) intensified competition in non-U.S. markets as global players shift focus; (ii) retaliatory tariffs by other countries on PRC-origin products; (iii) reduced demand from price-sensitive customers due to higher retail prices; and (iv) broader economic impacts such as slower global growth or contractions. Although the potential impacts of these second-order effects cannot be quantified at this stage, we remain vigilant and adaptive. We cannot assure that we will not be subject to stricter tariff rules or trade restrictions in the future. For more details, see "Risk Factors — Risks relating to our Business and Industry — Our results of operations are exposed to risks in relation to escalating trade tensions."

### **BUSINESS ACTIVITIES THAT MAY BE SUBJECT TO INTERNATIONAL SANCTIONS**

During the Track Record Period, our Group has sold optical and wireless connectivity devices to non-sanctioned customers in the Relevant Regions, for which none of the Relevant Regions a Sanctioned Countries because these regions are not subject to general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, these regions are subject to a rather limited sets of sanctions targeting certain sanctioned entities and sectors or prohibited activities within such regions. In particular, during the Track Record Period, our revenue generated from Hong Kong amounted to RMB60.0 million, RMB21.6 million, RMB1.9 million, and RMB1.4 million; our revenue generated from Iraq amounted to RMB114,000, nil, RMB37,000, and RMB2.4 million; and our revenue generated from Lebanon amounted to RMB55,000, RMB75,000, nil, and nil, respectively. During the Track Record Period, we did not sell any of our products and/or services to Balkan region, including Serbia. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, these transactions involving Relevant Regions did not involve any sanctioned entities or exports or transactions of any items subject to the EAR, and hence did not represent a Primary Sanctioned Activity or violation of International Sanctions; and, the risk of these transactions being viewed as a Secondary

---

## BUSINESS

---

Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with such views from the International Sanctions Legal Advisers.

During the Track Record Period, our Group has also provided design and manufacturing services to Customer D, being designated on the Entity List maintained by the BIS and to which certain export restrictions are applicable, domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. During the Track Record Period, our revenue generated from customer D amounted to RMB174.0 million, RMB104.1 million, RMB112.0 million, and RMB45.7 million, respectively. For our Group to provide the design and manufacturing services, Customer D provided raw materials and accessories to our Company, none of the raw materials and accessories are subject to the EAR, our Company then delivered the finished products to Customer D after manufacturing. As advised by our International Sanctions Legal Advisers after performing the procedures they consider necessary, given the nature of the transactions involving Customer D stated above, including that our Group was not engaged in any exports or transactions of any items subject to the EAR to Customer D, export restrictions applicable to Customer D being designated on the Entity List maintained by the BIS were not implicated and such transactions did not represent a Primary Sanctioned Activity or a violation of International Sanctions; and, the risk of these transactions being viewed as a Secondary Sanctionable Activity is low because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. Our Directors, and the Sole Sponsor, concur with this view from the International Sanctions Legal Advisers, and are of the view that there had been no material or adverse impact on our business, financial condition, or results of operations in relation to the relevant sanction risk.

We have undertaken to the Stock Exchange that we will not use the proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the United States, the European Union, the United Nations, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the United States, the European Union, the United Nations, the United Kingdom overseas territories and Australia that would cause us to violate International Sanctions. Further, we have undertaken not to use the proceeds from the Global Offering to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, HKSCC, HKSCC Nominees or our Shareholders and investors to violate or become a target of international sanctions laws by the United States, the European Union, the United Nations, the United Kingdom overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Countries subject to International Sanctions or with Sanctioned Targets would put our Group or our Shareholders and investors to risks of being sanctioned,

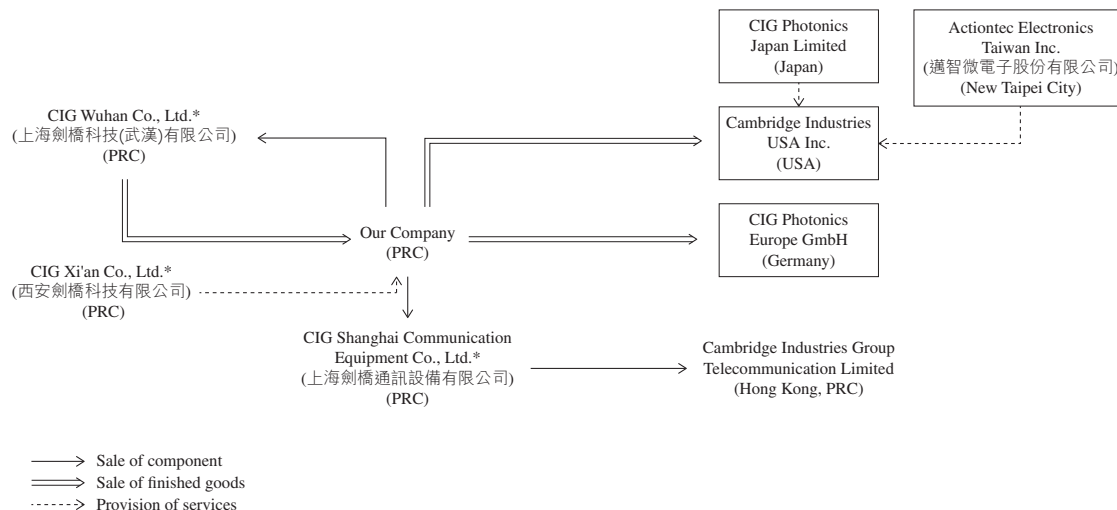
## BUSINESS

and in our annual reports or interim reports (i) details of any new activities in Countries subject to International Sanctions or with Sanctioned Targets; (ii) our efforts on monitoring our business exposure to sanctions risks; and (iii) the status of, and the anticipated plans for any new activities in Countries subject to International Sanctions and with Sanctioned Targets. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible delisting of our Shares on the Stock Exchange.

### BUSINESS ACTIVITIES THAT ARE SUBJECT TO OECD TRANSFER PRICING GUIDELINES

Our Group has established subsidiaries and carried out operations in multiple countries including China, the United States, and Japan. The ultimate shareholder and its subsidiaries perform different functions based on regional strengths, including contract manufacturing, market-oriented production, high-end R&D, technical services, and local delivery support. We confirm that the transactions among the subsidiaries within our Group are implemented on an arm’s-length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations (the “**OECD Transfer Pricing Guidelines**”) promulgated by the Organization for Economic Cooperation and Development (the “**OECD**”), an international organization of international cooperation.

The following flowchart illustrates the transaction flow in relation to our business:



We have also engaged the Transfer Pricing Adviser to review, analyze and evaluate the potential risks from perspectives of the OECD Transfer Pricing Guideline, and the applicable laws and regulations related to transfer pricing in the jurisdictions involved in the transfer pricing arrangements. Based on its assessment of the transfer pricing arrangements of our Group during the Track Record Period and up to the Latest Practicable Date, the Transfer Pricing Adviser is of the view, and our Directors concur, that, during the Track Record Period and up to the Latest Practicable Date, the transfer pricing arrangements were consistent with the arm’s length principle under both OECD Transfer Pricing Guidelines and the applicable

---

## BUSINESS

---

local laws and regulations related to transfer pricing in the relevant jurisdictions in all material respects, and the risk for our Group to conduct material transfer pricing adjustment and pay additional tax can be considered as low. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions on the intercompany transactions of our Group.

### **PROVISIONS PERTAINING TO U.S. INVESTMENTS IN CERTAIN NATIONAL SECURITY TECHNOLOGIES AND PRODUCTS IN COUNTRIES OF CONCERN**

According to Thompson Hine LLP, our Company does not engage in activities that would be a “prohibited transaction” as defined under the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern” issued on October 28, 2024 by the U.S. Treasury Department (the “*O b o n d R l e*”). Under the Outbound Rules, our Company does not constitute a covered foreign person because it does not engage in covered activities identified in Sections 850.217 and 850.224.

Our Company does not: (i) develop or fabricate integrated circuits or advanced packaging, (ii) develop quantum computers or produce any of the critical components required to produce a quantum computer; (iii) does not develop any AI systems designed for military end use or government intelligence or mass-surveillance end use. Further, our Company is not on any U.S. Department of Commerce or U.S. Department of the Treasury list of sanctioned entities. While there is a lower threshold for “notifiable transactions,” given that our Company does not engage in any of the above areas (i.e., design, fabricate or package integrated circuits, or develop any AI systems), it does not engage in activities requiring notification to the U.S. Department of the Treasury.

Therefore, based on the advice of Thompson Hine LLP, our Directors are of the view and the Sole Sponsor concurs that investments in our Company’s publicly traded securities will not be prohibited or subject to reporting requirements under the Outbound Rules.

### **LICENSES, APPROVAL AND PERMITS**

As of the Latest Practicable Date, we had obtained all material licenses and permits required for our business operations in the China and overseas.

## BUSINESS

The following table sets forth details of our other material licenses and permits:

License/permit	Holder	Issuing authority	Grant date	Expiration date
Receipt on the Registration of Pollution Discharge for Fixed Pollution Sources (固定污染源排污登記回執) . . .	Shanghai branch of Our Company	N/A	August 31, 2023	August 30, 2028
Receipt on the Registration of Pollution Discharge for Fixed Pollution Sources (固定污染源排污登記回執) . . .	CIG Xi'an Co., Ltd.* (西安劍橋科技有限公司)	N/A	February 16, 2023	February 15, 2028
Receipt on the Registration of Pollution Discharge for Fixed Pollution Sources (固定污染源排污登記回執) . . .	CIG Wuhan Co., Ltd.* (上海劍橋科技(武漢)有限公司)	N/A	October 17, 2023	October 16, 2028
Customs import and export goods consignee and consignor filing (海關進出口貨物收發貨人備案) . . . . .	Our Company	Longwu Customs of Shanghai (龍吳海關)	N/A	N/A
Customs import and export goods consignee and consignor filing (海關進出口貨物收發貨人備案) . . . . .	CIG Shanghai Communication Equipment Co., Ltd.* (上海劍橋通訊設備有限公司)	Longwu Customs of Shanghai (龍吳海關)	N/A	N/A
Customs import and export goods consignee and consignor filing (海關進出口貨物收發貨人備案) . . . . .	CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司)	Jiashan office of Customs of Jiaxing (嘉關善辦)	N/A	N/A
Customs import and export goods consignee and consignor filing (海關進出口貨物收發貨人備案) . . . . .	CIG Xi'an Co., Ltd.* (西安劍橋科技有限公司)	Guanzhong Customs (關中海關)	N/A	N/A
Customs import and export goods consignee and consignor filing (海關進出口貨物收發貨人備案) . . . . .	Actiontec Electronics (Shanghai), Inc.* (邁智微電子(上海)有限公司)	Longwu Customs of Shanghai (龍吳海關)	N/A	N/A

---

## BUSINESS

---

### AWARDS AND RECOGNITION

The following table sets forth notable awards and recognition in respect of our business achievements, technology, and innovation:

Year	Award/recognition	Awarding institution/authority
2025 . .	Outstanding Entrepreneurs of Minhang District	People’s Government of Minhang District, Shanghai
	Innovative Enterprise Headquarters of Shanghai	Office of the Leading Group for Strategic Emerging Industries of Shanghai
2024 . .	Top 100 Shanghai Private Manufacturing Enterprises (Rank: 54)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Emerging Industry Enterprises (Rank: 61)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Manufacturing Enterprises (Rank 79)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations, Jiefang Daily
	Top 100 Shanghai Specialized and New Enterprises Brand Value List	China Brand Economy (Shanghai) Forum Organizing Committee, Shanghai Enterprise Culture and Brand Research Institute
2023 . .	AAA-level Management System Certification for Integration of Informatization and Industrialization	Ministry of Industry and Information Technology of the People’s Republic of China
2022 . .	Top 100 Shanghai Private Manufacturing Enterprises	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Manufacturing Enterprises	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations, Jiefang Daily

---

## BUSINESS

---

Year	Award/recognition	Awarding institution/authority
	Top 100 Shanghai Emerging Industry Enterprises	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
2021 . .	Certificate of Multinational Corporation R&D Center	Shanghai Municipal Commission of Commerce
	Minhang District Intelligent Factory	Minhang District Economic Commission
	Lingang Park Leading Star	Lingang Group
	Top 100 Shanghai Private Manufacturing Enterprises (Rank: 44)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Emerging Industry Enterprises (Rank: 50)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Manufacturing Enterprises (Rank: 68)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
2020 . .	Shanghai Intelligent Factory	Shanghai Municipal Commission of Economy and Informatization
	Recognized Foreign-funded R&D Center	Shanghai Municipal Commission of Commerce
	Top 100 Shanghai Private Manufacturing Enterprises (Rank: 32)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Manufacturing Enterprises (Rank: 56)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association, Jiefang Daily
	Top 100 Shanghai Private Enterprises (Rank: 87)	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association

**ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”) MATTERS****ESG governance**

We are dedicated to creating sustainable value for our stakeholders, including investors, government agencies, employees, suppliers, customers, and the communities in which we operate, through our ESG practices. Our objective is to achieve long-term positive impacts by integrating ESG governance into our strategic decision-making process.

We have established a three-tier ESG governance framework, consisting of the decision-making level, the management level, and the execution level. The decision-making level assumes the ultimate responsibility for overseeing and making decisions on ESG matters, as well as reviewing ESG strategic goals. The management level breaks down the ESG strategic goals and coordinates the implementation of such goods among the various departments. The execution level integrates ESG performance indicators into daily operations and management.

We have also established a set of internal policies to guide our management on ESG-related issues. In particular,

- ***Environmental matter*** : In alignment with ISO: 14001 Environmental Management System standards, our policies cover energy conservation, carbon emission reduction, and the treatment of exhaust gas, wastewater, and solid waste.
- ***Social matter*** : In alignment with ISO: 45001 Occupational Health and Safety Management and ISO: 9001 Quality Management System standards, our policies cover employee health and workplace safety, product quality and recalls, employee promotion, compensation, benefits, and training, as well as corporate philanthropy and charitable initiatives.
- ***Governance matter*** : We have formulated a code of business ethics for employees that includes policies on conflict of interest, information confidentiality, and anti-corruption. Employees receive regular compliance training to strengthen internal regulatory compliance and ethical business practices. Our ESG governance body is responsible for monitoring our compliance with these policies and procedures and updating them based on changes in ESG-related policies and standards.

Following our listing, the Board of Directors confirms that we will stay focused on and strictly adhere to Appendix C1 and Appendix C2 to the Listing Rules, while ensuring full compliance with all ESG-related rules and regulations. Additionally, we will publish an ESG report annually to disclose our significant ESG issues, risk management practices, fulfillment of objectives, and overall performance. We also maintain effective communication with key stakeholders through various communication channels.

---

## BUSINESS

---

For the years ended December 31, 2022, 2023, and 2024, our costs incurred in relation to the compliance of environmental protection regulations amounted to RMB0.2 million, RMB0.6 million, and RMB0.5 million, respectively.

### **Environmental compliance**

We always adhere to a sustainable development strategy, making rational use of energy and resources, reducing consumption, and pursuing harmonious development among the environment, nature, and society. We strictly comply with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), the *Atmospheric Pollution Prevention and Control Law* (中華人民共和國大氣污染防治法), and the *Law 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). Based on these, we have established a systematic internal environmental management and control system that enhances the efficiency of sustainable development through a standardized and process-based management mechanism.

### **Social responsibility**

We firmly believe that social responsibility and business success complement each other. We actively fulfil our social responsibilities and give back to society through public welfare projects such as educational assistance. At the same time, we are deeply involved in rural revitalization, helping to improve rural education and living conditions, and promoting social harmony and progress through practical actions.

### **Corporate governance**

We have established a sound operating system for internal governance bodies and continuously standardize the operations and decision-making processes of the shareholders' meeting, board of directors, and other institutions. This ensures efficient cooperation and mutual checks and balances among the power-exercising, decision-making, and supervisory bodies. We strictly comply with relevant laws and regulations such as the *Company Law of the People's Republic of China* (中華人民共和國公司法), the *Securities Law of the People's Republic of China* (中華人民共和國證券法), and the *Code of Corporate Governance for Listed Companies* (上市公司治理準則). We regularly update and improve our corporate governance documents, standardize our organizational operations, and protect the legitimate rights and interests of our shareholders and creditors.

As advised by our PRC Legal Adviser, we have complied, in all material aspects, with all ESG-related laws and regulations that significantly impact our business and operations during the Track Record Period.

**ESG risks management and strategy*****ESG risk management***

Material topics serve as the cornerstone of our sustainability management and ESG risk identification and assessment. We establish a comprehensive database for ESG topics through an in-depth analysis of our Group's activities and business relationships, and we extensively solicit the opinions of various stakeholders via questionnaires. These topics are then ranked based on their materiality, allowing us to allocate resources efficiently and develop mitigation strategies to address the major risks identified, thereby enhancing our ability to manage ESG-related issues effectively.

We also identify the laws, regulations, and industry standards applicable to our Company, covering various risks such as those in relation to climate change, employee welfare, supply chain management, anti-corruption, in order to ensure compliance with the relevant legal requirements and the alignment with or exceeding industry benchmarks.

***ESG opportunities***

As global environmental protection policies continue to advance and customers' ESG awareness and expectations increase, market preferences are shifting toward eco-friendly products. This trend is creating new opportunities for the adoption of green technologies. In response, we have utilized our extensive expertise in the R&D of green products to meet our customers' diverse environmental needs.

Our approach involves systematically integrating green innovations into our daily processes, such as optimizing our production processes, developing circular packaging solutions, and collaborating with supply chain partners to reduce our carbon emissions. These initiatives can help create a product design and development process that can match our customers' recycling needs and provide a technological foundation for capturing emerging market opportunities.

Additionally, by enhancing ESG management within our supply chain, we not only strengthen its resilience against ESG risks but also comply with international customer standards through sustainable procurement practices, thereby reinforcing our brand credibility. By adopting forward-thinking technological strategies and upgraded governance models, we can position ourselves to transform ESG capabilities into a differentiated market barrier, against existing and potential competitors, and drive long-term growth.

***ESG risk mitigation strategy***

We believe that our proactive approach to ESG risks mitigation ensures that we not only address potential risks but also seize opportunities to enhance our ESG performance, thereby driving value creation and fostering a sustainable future for our Company and stakeholders. To do so, we have implemented a series of mitigation strategies based on the concepts of risk

---

## BUSINESS

---

avoidance, risk reduction, risk transfer and risk acceptance. These include establishing a robust internal ESG management system to enhance our monitoring and early warning capabilities, conducting regular risk assessments to ensure timely identification of potential issues, and formulating targeted countermeasures.

Our mitigation measures involve optimizing production processes to minimize environmental pollution, improving employee benefits to strengthen our social responsibility, and refining corporate governance structures to increase transparency and accountability. By systematically integrating these measures, we aim to reduce ESG risks, promote sustainable development, bolster investor confidence, and reinforce corporate social responsibility, thereby laying a solid foundation for long-term business growth.

To effectively implement such risks mitigation strategies, we plan to develop specific measures based on the urgency and potential impact of risks:

Relevant risk	Potential impact	Mitigation measures
Extreme climate . . . . .	Climate change increases extreme weather events, leading to physical risks with financial consequences. For example, natural disasters and power outages caused by climate change may lead to the depreciation of our fixed assets, loss of labor, or instability in production.	Monitor the impact of extreme weather, establish emergency management mechanisms and contingency plans in advance, and provide employees with emergency drill training.
Health and safety incidents . . . . .	Employee health and safety risks may bring legal litigation, financial losses, production disruptions, and reputational damage to our Company, leading to stock price volatility and development setbacks.	Promote occupational health check-ups, set up a committee on workplace safety, enforce the accountability system for workplace safety, enhance safety awareness of all staff, and provide emergency safety equipment and training for employees.
Regulatory risk . . . . .	Stricter regulation on sustainable development such as carbon emission regulation may impose pressures on our Company. Examples include the compliance requirements for China's carbon peaking and carbon neutrality goals and the EU's Carbon Border Adjustment Mechanism. Transitioning to a sustainable development model may require us to explore lower-carbon products and reduce non-environmentally friendly packaging materials, which may increase our operational costs.	Stay informed on environmental policies and regulations, and provide employees with environmental education and training on the latest policies.

## BUSINESS

Relevant risk	Potential impact	Mitigation measures
Low-carbon technology risk . . . . .	Against the backdrop of global customers accelerating the shift toward green procurement. If our low-carbon technology research and development efforts fail to keep pace, this could severely weaken our market competitiveness.	Integrate environmental requirements across all stages of the product lifecycle, including development, design, procurement, manufacturing, packaging, transportation, and usage, to create sustainable products and promote product carbon footprint certification.
Employee well-being . . . . .	Our Company may face multifaceted risks when hiring talent, such as labor disputes, business disruption or project delays caused by talent attrition, legal and reputational risks caused by employee misconduct, financial risks brought by excessive labor costs, and efficiency and innovation risks due to skill-job mismatches.	Set job positions according to actual needs, ensure talent-post matching, and provide employees with an equal, inclusive, fair, and open workplace.
Supply chain management . . . . .	Delivery delays, supply disruptions, price fluctuations, and inconsistent product quality from suppliers may increase our procurement costs. Additionally, ESG compliance risks among suppliers are becoming more pronounced. Failure to conduct effective supplier audits may lead to unfair or unethical practices of the suppliers that harm our reputation.	Strengthen the role of the supplier platform as an online monitoring tool and enhance ESG assessments and audits of suppliers to ensure their compliance with our ESG standards.
Corporate compliance and governance. . . . .	Lack of corporate governance mechanisms may lead to issues such as deficiencies in transparency, weakened accountability and unethical business practices. Additionally, failure to comply with relevant laws and regulations may result in regulatory penalties, legal disputes and business restrictions.	Develop and implement a comprehensive corporate governance system, promote internal and external audits, and ensure compliance with laws and regulations in our operations.

**Environment matters*****Environmental management***

We stay committed to a sustainable development strategy. By rationally using energy and resources and minimizing consumption, we aim to pursue harmony between the environment, nature, and society. We rigorously comply with the environmental protection laws and regulations in the areas where we operate. Based on these laws and regulations, we have established a systematic internal environmental management framework, enhancing the effectiveness of sustainability through standardized and process-oriented management mechanisms.

To improve our environmental governance, we have established an environmental management system that complies with ISO: 14001 standards and is certified by a third party. This system follows a “goal, action, and verification” approach, which means we set annual environmental targets, take specific actions to achieve these targets, and then verify the results.

We systematically identify potential environmental risks through comprehensive environmental impact assessments. For high-risk scenarios, such as hazardous chemical leaks or sudden pollution incidents, we have established multi-tiered emergency response plans. These plans outline emergency procedures, resource allocation, and role responsibilities. We also conduct regular emergency drills to enhance employee preparedness, ensuring that our risk prevention capabilities are aligned with our business expansion efforts.

We actively foster a green workplace culture, encouraging all employees to adopt low-carbon practices. Our initiatives include implementing refined water and electricity conservation management, advancing waste sorting, and promoting a paperless office environment. Additionally, we provide environmental awareness training for all employees, promoting sustainable habits in daily operations to reduce our carbon footprint while enhancing environmental benefits and organizational efficiency. In 2024, our investments in environmental protection totaled RMB481,300.

***Emission***

We strictly adhere to national laws and regulations on environmental protection as well as national emission standards and ensure rigorous controls over wastewater, exhaust gas, waste, and noise emissions. Our goal is to guarantee compliant discharge of all pollutants, minimize emissions, and reduce negative impacts on the environment and surrounding communities.

In terms of wastewater management, domestic sewage, which is our primary wastewater source, is discharged into the municipal sewage pipe network via factory sewage pipelines. We conduct annual third-party testing of discharged domestic sewage on a regular basis to ensure compliance with the standards that are aligned with the latest environmental protection laws and regulations.

## BUSINESS

In terms of exhaust gas management, exhaust gas generated during our production process is properly collected and treated before discharge. A comprehensive control plan for volatile organic compounds has been implemented to ensure that exhaust gas emissions comply with the concentration requirements in the standards that are aligned with the latest environmental protection laws and regulations.

In terms of waste management, both non-hazardous and hazardous solid wastes are generated in our production. All hazardous waste is centrally collected and managed, with storage facilities designed to prevent leakage, rainwater, and loss. The designated storage area is equipped with explosion-proof facilities and clear warning labels, and dedicated personnel is responsible for maintaining detailed records of waste entry and exit logs. A hazardous waste management plan is formulated annually and submitted to local regulatory authorities for filing, and qualified third-party agencies are commissioned for regular waste collection and disposal. All hazardous waste disposal records are retained for at least five years. For non-hazardous waste, we entrust qualified recyclers for collection and disposal, with details reported to the environmental regulatory body via an online filing system.

In terms of noise management, noise may be generated during the operation of production equipment. We have adopted soundproofing and vibration-damping measures and installed soundproof doors and windows in our factories to minimize the noise level generated by machinery and equipment and reduce the impact of noise.

The table below presents quantitative data on our pollutant management for the specified period:

	Unit	2022	2023	2024
Total exhaust gas emissions . . .	10,000 cubic meters	38,414.7	40,105.35	56,314.8
Intensity of exhaust gas emissions . . . . .	10,000 cubic meters per RMB10,000 of revenue	0.1015	0.1299	0.1542
– <i>Volatile Organic Compounds (VOCs)</i> . . . . .	kg	448.155	2,513.295	474.66
Total domestic wastewater discharge . . . . .	cubic meters	27,263	14,787	19,438.2
Intensity of domestic wastewater discharge . . . . .	cubic meters per RMB10,000 of revenue	0.0720	0.0479	0.0532
Total waste generation . . . . .	tons	170.9	105.557	93.829
Intensity of waste generation . . . . .	tons per RMB10,000 of revenue	0.00045	0.00034	0.00026
– <i>Hazardous waste</i> . . . . .	tons	5.671	3.983	5.322
– <i>Non-hazardous waste</i> . . . . .	tons	165.229	101.574	88.507

*Note:* The statistical scope of our pollutant-related indicators includes companies and branches located in Shanghai.

---

## BUSINESS

---

### *Re o c e e*

We continuously enhance our sustainability capabilities and reduce environmental impact by eliminating resource waste. Our primary energy consumption arises from power consumption by machinery and equipment in our production. Fluctuations in electricity prices may impact business costs, and our electricity consumption is also a major source of greenhouse gas (“GHG”) emissions. To enhance energy efficiency and reduce electricity costs, we have implemented energy-saving projects such as LED lighting replacements and air compressor modifications.

The table below presents quantitative data on our energy consumption for the specified period:

	Unit	2022	2023	2024
Electricity consumption . . . . .	kWh	16,696,300	14,674,400	17,438,776.81
Diesel consumption . . . . .	Liters	2,748	2,174	3,168

*Note:* The statistical scope of our energy consumption-related indicators includes companies and branches located in Shanghai.

Regarding water usage, we, as a labor-intensive enterprise, mainly consume water in the daily lives of employees. We promote water conservation among our employees by regulating faucet flow and posting water-saving reminders at all water-using points.

The table below presents quantitative data on our water resource consumption and discharge for the specified period:

	Unit	2022	2023	2024
Total water consumption . . . . .	cubic meters	3,068.8	1,675.6	2,159.8
Total water consumption density . . . . .	cubic meters per RMB10,000	0.008	0.005	0.006
Total water discharge . . . . .	cubic meters	27,619.2	15,080.4	19,438.2

*Note:* The statistical scope of our water resource-related indicators includes companies and branches located in Shanghai.

We require suppliers to prioritize recyclable, eco-friendly packaging solutions such as recycled plastics and corrugated cardboard, and strictly regulate excessive packaging. We prioritize the use of reusable packaging bags and pallets whenever possible during production to minimize packaging waste.

---

## BUSINESS

---

### *Clima e change*

To enhance carbon emission management and adapt to and address climate change better, we plan to set the carbon emission reduction targets of group-wide, and annual carbon emissions reduction projects to meet our targets. Meanwhile, each department assists in advancing these projects. In the future, we will gradually expand the boundaries of our inventory, and we plan to complete and disclose to the public the GHG emissions inventory of our other subsidiaries and those covering the upstream and downstream of our supply chain (Scope 3).

Our Company's total GHG emissions in 2024 amounted to 10,417.93 tons of CO<sub>2</sub> equivalent (covering Scope 1 and Scope 2), with an emission intensity of 0.0285 tons of CO<sub>2</sub> equivalent per RMB10,000 of revenue.

The table below presents quantitative data on our GHG emissions for the specified period:

	Unit	2022	2023	2024
Total GHG emissions . . . . .	tons of CO <sub>2</sub> equivalent	10,177.77	8,806.01	10,417.93
Intensity of total GHG emissions . . . . .	tons of CO <sub>2</sub> equivalent per RMB10,000 of revenue	0.0269	0.0285	0.0285
– GHG emissions (Scope 1) . . .	tons of CO <sub>2</sub> equivalent	1,218.53	931.72	1,060.28
– GHG emissions (Scope 2) . . .	tons of CO <sub>2</sub> equivalent	8,959.24	7,874.29	9,357.65

*Note:* The calculation scope of our GHG emission-related indicators only includes companies and branches located in Shanghai.

### **Social matters**

We are committed to fulfilling our responsibilities and giving back to society. While improving corporate management and promoting sustainable development, we also focus on our social responsibilities as a corporate citizen. We advocate for integrity and compliance in business operations, strengthen customer relationships, enhance service capabilities, promote employee development, support public welfare and charity, and foster beneficial partnerships. Our goal is to create greater value for society and all stakeholders.

*Em lo men*

We comply with the labor management laws and regulations in the areas where we operate during recruitment. We have established policies in relation to employee recruitment management and anti-discrimination, and an employee's handbook to ensure legal and compliant employment practices. For details on our employment practices and management, please refer to the subsection headed “— Our employees” in this section.

*Occ a ional heal h and afe .*

We are dedicated to providing employees with a healthy and safe working environment. We have maintained our certification under the ISO: 45001 Occupational Health and Safety Management System. This demonstrates our ability to meet international occupational health and safety standards, minimize occupational health and safety risks, and ensure the health and safety of employees.

Focusing on occupational health, we set key targets at the beginning of each year and conduct occupational hazard factor testing in relevant workplaces according to relevant requirements. Employees engaging in positions involving occupational hazards are provided with regular occupational health check-ups before taking up the post, while working in the post, and after leaving the post. Dedicated personnel are assigned to manage occupational health records, with each employee having a separate health tracking record.

As for work safety, we have established a work safety management framework which is responsible for employee training, hazard identification, hazard rectification and follow-ups, among other tasks. We have signed work safety responsibility agreements with managers at all levels to enforce accountability for work safety management. We also conduct regular employee safety training and inspections to enhance safety awareness of all staff and ensure that corrective measures are effectively implemented.

In terms of emergency management, we have formulated emergency response plans and we will regular emergency drills to ensure prompt and effective responses of all departments to safety emergencies. Additionally, we have set up a volunteer firefighting team equipped with emergency supplies and conduct regular training sessions. Medical kits are placed in designated areas and managed by assigned personnel, while automated external defibrillators are installed to protect the health and safety of employees. During the Track Record Period, and up to the Latest Practicable Date, there had not been any major incidents that resulted in severe work injuries.

***Development and Training***

We focus on a talent-centric approach, emphasizing people-oriented practices, teamwork, and continuous learning. We provide clear career promotion channels and diverse training programs to enhance employees' skills and competencies. For details of our employee development and training programs, please refer to the subsection headed “— Our employees” in this section.

***Supply chain management***

For details on our supply chain management, please refer to the subsection headed “— Suppliers, procurement, and inventory — Supply chain management” in this section.

***Product quality***

With years of experience in technical design and applications, we have established a comprehensive product quality management system, obtaining eight major management system certifications, including ISO: 9001 Quality Management System, TL: 9000 Telecommunications Quality Management System, QC: 080000 Hazardous Substance Process Management System, and ISO: 27001 Information Security Management System.

We are committed to providing customers with the best products and services, continuously improving our product and service quality and enhancing customers satisfaction. We have established quality policies and objectives, while consistently improving our quality management system, to ensure product quality in an all-round way across R&D, production and material management. Additionally, our quality team works closely with core suppliers to effectively improve material quality and achieve better quality performance together with our partners. In the event of a batch defect of products after delivery, we initiate product recalls to avoid or minimize adverse impacts. For details please refer to the subsection headed “— Customers, Sales, and Competition — Post-sales services — Product defects and recalls” in this section.

We have established a management system for customers communication and complaint resolution, incorporating diversified communication channels such as phone, email, social media, and interviews to gather customers' feedback. Moreover, a clear process and response timeline for handling customers complaints and feedback are in place to ensure timely resolution. For details, please refer to the subsection headed “— Customers, Sales and, Competition — Post-sales services — Customer relations and complaints” in this section.

To protect customers privacy and information security, we have set up an information management center to protect the security of data generated during or related to business operations. We maintain three core cybersecurity elements — personnel security, policy-based security and technical security — to ensure the safety of equipment and software while supporting stable business operations. For details, please refer to the subsection headed “— Our technologies — Our IT infrastructure” in this section.

---

## BUSINESS

---

### *An i-co ion*

In compliance with anti-corruption laws and regulations in the jurisdictions where we operate, we have established systems and codes such as a code of business ethics for employees and an employee grievance, complaint, and whistleblowing system, which clearly define various aspects of business ethics. We conduct regular anti-corruption and business ethics training for all employees and require each business unit to carry out periodic or ad hoc internal anti-corruption audits. Additionally, we organize annual self-inspections, summarizations, and management improvements to ensure ongoing monitoring and control of corruption and business ethics risks, supporting our Company's sound operations.

We have clarified the whistleblowing mechanism and handling process for corrupt practices and established a mutual supervision mechanism among employees, as well as a reporting system for suppliers and customers. We also maintain strict confidentiality regarding whistleblower information to safeguard their legitimate rights and interests.

### *Social cha i able effo*

We prioritize corporate social responsibility alongside business success, believing that long-term development is linked to societal contributions. Our public welfare initiatives focus on education support, health promotion, and environmental protection, guided by the principle of "working together to create and share value."

## **RISK MANAGEMENT AND INTERNAL CONTROL**

Our Board of Directors and senior management are responsible for devising and supervising the execution and efficacy of our internal control framework. This framework is meticulously structured to guarantee continuous adherence to pertinent legal and regulatory mandates that govern our business activities and corporate governance, thereby preventing any compliance failures. Our conviction remains firm that the existing internal control mechanisms and procedures are adequate in scope, feasibility, and operational effectiveness.

In the regular course of our business activities, we are inherently exposed to a range of risks, encompassing operational, market, and financial risks. Recognizing these exposures, we firmly believe that implementing robust and adaptable risk management strategies is essential to our long-term success. Through this approach, we aim to mitigate risks, safeguard our operations against potential adversities, and secure our competitive edge and financial stability. For details on these risks, please refer to the section headed "Risk factors — Risks relating to our business and industry" in this Prospectus.

---

## BUSINESS

---

For the purpose of effective risk management, we will adopt or have put in place the following measures:

- Our Board of Directors is tasked with the comprehensive assessment of risks inherent to our Group's operations, ensuring that all major decisions with significant risk implications are subjected to their scrutiny and consent. This includes the critical evaluation of transactions with non-approved suppliers;
- Through the cultivation of strong, positive relationships with our established suppliers and customers, we aim to periodically broaden our customer and supplier base, thereby mitigating operational risks associated with dependency on a singular entity;
- In alignment with our Group's interests and where it proves economically feasible, we proactively seek to forge diverse agreements that expand our supplier network;
- Our management team is committed to vigilantly observing market trends, including fluctuations in raw material and component pricing, to consistently benchmark our procurement expenses against prevailing market rates, ensuring competitive access to raw materials, parts, and components;
- We uphold stringent IT controls to significantly reduce the likelihood of IT system failures, safeguarding our operational integrity;
- To attract and retain skilled professionals, we regularly evaluate and adjust our compensation structures for management and staff, ensuring they remain competitive and congruent with the Group's strategic growth;
- Our Directors maintain diligent oversight of our Group's liquidity and financial health, prepared to secure financing to support our business activities and expansion initiatives when deemed necessary and advantageous; and
- Upon Listing, the Audit Committee will comprise three members, namely Mr. Yao Minglong (chairman), Mr. Liu Guisong and Ms. Yuen Shuk Yee, with Ms. Yuen Shuk Yee also being our Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

---

## **RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

---

### **OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

As of the Latest Practicable Date, (i) Mr. Gerald G Wong indirectly controlled approximately 11.95% of our A Shares held by CIG Cayman (a company wholly owned by Mr. Gerald G Wong); (ii) Mr. Zhao Haibo indirectly controlled approximately 2.18% of our A Shares held by Kangling Technology. The executive partner of Kangling Technology is Mr. Zhao Haibo (holding 19.80% partnership interest in it), and its limited partners consist of Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 0.20% partnership interest in it) and Kangling Management (a limited partnership holding 80.00% partnership interest in it). The executive partner of Kangling Management is Mr. Zhao Haibo (holding 90.00% partnership interest in it) and its limited partner is Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 10.00% partnership interest in it). As the executive partner of Kangling Technology and Kangling Management, Mr. Zhao Haibo is responsible for the execution of partnership affairs and thus ultimately controls the voting power of Kangling Technology and Kangling Management, respectively; and (iii) Mr. Gerald G Wong and Mr. Zhao Haibo are parties acting in concert pursuant to the Concert Party Agreement. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Major Shareholding Changes in Our Company — Concert Party Agreement in 2017".

Pursuant to the PRC Company Law and related regulations promulgated by the CSRC, CIG Cayman is our controlling Shareholder and its sole shareholder, Mr. Gerald G Wong, is our *de facto* controller. Pursuant to the Hong Kong Listing Rules and Chapter 1.1C of the Guide for New Listing Applicants, Mr. Gerald G Wong, CIG Cayman, Mr. Zhao Haibo, Ms. Qin Yan, Kangling Technology and Kangling Management constitute our Single Largest Group of Shareholders, holding in aggregate approximately 14.13% of our A Shares as of the Latest Practicable Date.

Immediately following the completion the Global Offering, the Single Largest Group of Shareholders will in aggregate hold approximately 11.31% of our Shares (assuming the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). Therefore, upon Listing, they will remain as our Single Largest Group of Shareholders and our Company will not have any controlling shareholder as defined under the Hong Kong Listing Rules.

Apart from their respective investment (directly or indirectly) in our Company, none of the Single Largest Group of Shareholders has engaged in other business or operation.

### **INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Single Largest Group of Shareholders and their close associates after Listing.

---

## RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

---

### Management Independence

We are able to conduct our business independently from the Single Largest Group of Shareholders from a management perspective. Our Board consists of eight Directors, including four executive Directors and four independent non-executive Directors. Mr. Gerald G Wong and Mr. Zhao Haibo, who are members of the Single Largest Group of Shareholders, are also our executive Directors.

Our Directors are of the view that our Company is able to function independently from the Single Largest Group of Shareholders for the following reasons:

1. our daily management and operations are carried out by all our executive Directors and the senior management with assistance from our core technical staff, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. Saved for Mr. Gerald G Wong and Mr. Zhao Haibo, none of the other Directors or senior management of our Company are members of the Single Largest Group of Shareholders or hold any position in the Single Largest Group of Shareholders. For details of the industry experience of our executive Directors and the senior management, see “Directors and Senior Management”;
2. each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
3. we have four independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and
4. we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. Please refer to the subsection headed “— Corporate Governance” in this section for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Single Largest Group of Shareholders and their close associates after the Listing.

---

## **RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

---

### **Operational Independence**

We do not rely on the Single Largest Group of Shareholders and their close associates for our operations. While we are led by our executive Directors (two out of whom are also members of the Single Largest Group of Shareholders) and other senior management, we have our own departments specializing in business development, research and development, administration, finance, internal audit, information technology, sales and marketing, human resources, legal and compliance, and company secretarial functions. Such departments specialize in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to conduct and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

As of the Latest Practicable Date, we did not expect to have any continuing connected transactions in the ordinary and usual course of business with any of the Single Largest Group of Shareholders or their respective associates upon Listing.

Based on the above, our Directors believe that we are able to operate independently from the Single Largest Group of Shareholders and their close associates.

### **Financial Independence**

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the proceeds from the Global Offering.

No loan or guarantee has been provided by, or granted to, the Single Largest Group of Shareholders or their close associates during the Track Record Period and as of the Latest Practicable Date.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their close associates.

---

## **RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS**

---

### **Independence undertaking**

On May 20, 2016, Mr. Gerald G Wong, CIG Cayman, CIG Holding, Mr. Zhao Haibo and Kangling Technology respectively executed a letter of undertaking in favor of our Company with irrevocable effect from the date of the letter to avoid competition with our business, pursuant to which, each of the above undertaking parties had undertaken that:

1. he/it and the enterprises that he/it holds and (or) participates in, other than our Company and its controlling enterprises, are not currently engaged in any business or activities, in any form, that constitute or may constitute direct or indirect competition with the principal business of our Company and its controlling enterprises.
2. after the A Shares listing of our Company, he/it and the controlling enterprises that he/it holds and (or) participates in, other than our Company and its controlling enterprises, will not: (i) engage in any business or activities, in any form, that constitute or may constitute direct or indirect competition with the principal business currently or in the future carried out by our Company and its controlling enterprises; (ii) support, in any form, any enterprises other than our Company and its controlling enterprises to engage in business or activities that constitute or may constitute competition with the principal business currently or in the future carried out by our Company and its controlling enterprises; or (iii) otherwise interfere in any business or activities that constitute or may constitute competition with the principal business currently or in the future carried out by the issuer and its controlling enterprises.
3. in addition to the above commitments, he/it further undertakes to: (i) ensure, in accordance with relevant laws and regulations, the independence of our Company in terms of assets, business, personnel, finance and organizational structure; (ii) take lawful and effective measures to procure that any companies, enterprises, or other economic organizations under his/its control do not directly or indirectly engage in the same or similar business as that of our Company; and (iii) refrain from using his/its position as the controlling shareholder of our Company to engage in any activities that would harm the interests of the issuer and other shareholders. Furthermore, he/it is willing to be liable for any economic losses caused to our Company as a result of any breach of the above commitments and undertakings.

### **INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES**

Each member of the Single Largest Group of Shareholders confirms that as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## **CORPORATE GOVERNANCE**

Our Company will comply with the provisions of the CG Code, which sets out principles of good corporate governance, upon Listing.

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### OVERVIEW

Our Board currently consists of eight Directors, comprising four executive Directors and four independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the daily operations of our Company.

### DIRECTORS

The following table provides information about our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Gerald G Wong . . . . .	72	Executive Director, chairman of our Board and general manager (chief executive officer)	May 2005	October 29, 2010	Formulating the overall development strategies and overseeing the daily operations of our Group
Mr. Zhao Haibo (趙海波先生) . . . . .	51	Executive Director, deputy general manager, chief technology officer	August 2005	December 7, 2011	Participating in the strategic decision- making; formulating and executing technical strategies and leading our technical team
Mr. Zhao Hongwei (趙宏偉先生) . . . . .	53	Executive Director, chief operating officer, manager of hardware R&D division and procurement officer	December 2005	May 17, 2024	Responsible for procurement, planning, IT and hardware platform management
Mr. Zhang Jie (張傑先生) . . . . .	45	Executive Director, manager of broadband products division	October 2009	June 28, 2022	Participating in the material decision- making; formulating product strategies and business objectives and managing daily operations of the division

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Qin Guisen (秦桂森先生) . . .	48	Independent non-executive Director	May 2021	May 28, 2021	Supervising and providing independent opinions and advice to our Board
Mr. Liu Guisong (劉貴松先生) . . .	52	Independent non-executive Director	January 2020	January 13, 2020	Supervising and providing independent opinions and advice to our Board
Mr. Yao Minglong (姚明龍先生) . . .	62	Independent non-executive Director	May 2021	May 28, 2021	Supervising and providing independent opinions and advice to our Board
Ms. Yuen Shuk Yee (袁淑儀女士) . . .	54	Independent non-executive Director	April 2025	April 28, 2025, with effect from the Listing Date	Supervising and providing independent opinions and advice to our Board

### Executive Directors

**Mr. Gerald G Wong**, aged 72, is our founder, an executive Director, the chairman of our Board, and the general manager (chief executive officer) of our Company, primarily responsible for formulating the overall development strategies and overseeing the daily operations of our Group. Mr. Wong founded our Group in May 2005 and has been our Director since October 2010, the chairman of our Board and the general manager (chief executive officer) of our Company since December 2011. He concurrently holds the positions of executive director, chairman, and/or general manager of the fifteen subsidiaries of our Company, and is a director of CIG Cayman (one of our Single Largest Group of Shareholders) and CIG Holding (a then Shareholder).

Mr. Wong has over 40 years of experience in the telecommunications and communications industry. Before joining our Group, he served at AT&T Bell Labs (later became Lucent Technologies Bell Labs) and a vice president of Lucent Technologies from 1984 to 2000, where he was responsible for developing and managing network department products. In 2000, Mr. Wong co-founded Photonic Bridges China Co., Ltd.\* (光橋科技(中國)有限公司), a company specializing in the research, development, production, and sales of SDH optical transmission products for optical communication, and served as the company's legal representative from 2000 to 2005, during which he led operations, team management, and financial and business risk control.

Mr. Wong earned both his bachelor's and master's degrees in electrical engineering and computer science from the Massachusetts Institute of Technology (MIT) in June 1985.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

**Mr. Zhao Haibo** (趙海波先生), aged 51, is an executive Director, the deputy general manager, and chief technology officer of our Company, primarily responsible for participating in the strategic decision-making, formulating and executing technical strategies, and leading our technical team. Mr. Zhao joined our Group in August 2005 and has been the chief technology officer of our Company since March 2006, our Director since December 2011 and our deputy general manager since June 2012. He also serves as the executive partner of Kangling Technology and Kangling Management.

Before joining our Group, Mr. Zhao served as a manager of Shanghai Jiaoda Withub Information Industrial Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 8205) from March 1999 to September 2001. He then served as a manager at Photonic Bridges China Co., Ltd.\* (光橋科技(中國)有限公司), a company specializing in the research, development, production, and sales of SDH optical transmission products for optical communication, from October 2001 to September 2005.

Mr. Zhao obtained a bachelor's degree in communication engineering from Shanghai Jiao Tong University in July 1996, and a master's degree in communications and information systems from the same university in March 1999.

**Mr. Zhao Hongwei** (趙宏偉先生), aged 53, is an executive Director, the manager of hardware R&D division, the procurement officer and the chief operating officer of our Company, primarily responsible for procurement, planning, IT and hardware platform management. Mr. Zhao joined our Group in December 2005 and has been the manager of hardware R&D division since March 2006, the procurement officer since September 2018, our Director since May 2024 and the chief operating officer of our Company since June 2024.

Before joining our Group, Mr. Zhao served as a hardware research and development manager at ZTE Corporation, a company listed on the Hong Kong Stock Exchange (stock code: 763) and the Shenzhen Stock Exchange (stock code: 000063), from August 2000 to August 2005, where he was primarily responsible for managing the 3G wireless network controller hardware team. From August 2005 to December 2005, Mr. Zhao worked for Luminous Networks Technology (Shanghai) Co., Ltd.\* (絡明網絡技術(上海)有限公司).

Mr. Zhao obtained a bachelor's degree in chemical equipment and machinery from Qiqihar University (formerly known as Qiqihar Light Industry College) in July 1995, a master's degree in electromechanical control and automation from Harbin Institute of Technology in July 1997, and a doctorate in mechatronics engineering from Harbin Institute of Technology in July 2000.

**Mr. Zhang Jie** (張傑先生), aged 45, is an executive Director and the manager of broadband products division of our Company, primarily responsible for participating in the material decision-making, formulating product strategies and business objectives, and managing the daily operations of the broadband products division. Mr. Zhang joined our Group

in October 2009 and successively served as the product line manager, the manager of product management division, the deputy manager and the manager of broadband products division since then, and has been our Director since June 2022.

Prior to joining our Group, from September 2007 to November 2007, Mr. Zhang served as an embedded software engineer and a broadband product system engineer at Shanghai research and development center of ZTE Corporation, a company listed on the Hong Kong Stock Exchange (stock code: 763) and the Shenzhen Stock Exchange (stock code: 000063), where he was responsible for the development of embedded software for network equipment and the design of hardware and software system architecture for network equipment. From December 2007 to September 2009, Mr. Zhang worked as a product line manager at Dare Power Dekor Home Co., Ltd.\* (大亞聖象家居股份有限公司, formerly known as Daya Technology Co., Ltd.\* (大亞科技股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000910), where he oversaw product line planning, life cycle management, and product promotion for network equipment.

Mr. Zhang received a bachelor's degree in electronic science and technology from Southeast University in June 2001, and a master's degree in physical electronics from the same university in May 2004.

### **Independent non-executive Directors**

**Mr. Qin Guisen** (秦桂森先生), aged 48, has been an independent Director of our Company since May 2021, primarily responsible for supervising and providing independent opinions and advice to our Board. Mr. Qin is currently a lawyer and partner at Grandall Law Firm (Shanghai), where he specializes in capital markets practice.

From September 2003 to June 2006, Mr. Qin served as a clerk and judge at the Qingdao Maritime Court.

Mr. Qin obtained a bachelor's degree in law from Party School of the Central Committee of the Communist Party of China in July 1999, and a master's degree in law from Yantai University in July 2003. He was granted a lawyer's practice qualification certificate by the Shanghai Municipal Bureau of Justice in June 2006 and an independent director qualification certificate by the Shanghai Stock Exchange in April 2014.

**Mr. Liu Guisong** (劉貴松先生, former name was 劉桂松), aged 52, has been an independent Director of our Company since January 2020, primarily responsible for supervising and providing independent opinions and advice to our Board. Mr. Liu is currently

---

## DIRECTORS AND SENIOR MANAGEMENT

---

From September 2015 to December 2015, Mr. Liu was a visiting scholar at the Department of Computer Science at Humboldt University in Germany. From March 2019 to March 2021, he served as the dean of the School of Computer Science at Zhongshan Institute, University of Electronic Science and Technology of China, overseeing the development and financial management of the computer science discipline. From April 2000 to December 2020, Mr. Liu held various academic roles at the University of Electronic Science and Technology of China, including associate professor, professor, and doctoral supervisor, with a focus on scientific research and talent development.

Mr. Liu obtained a bachelor's degree in engineering mechanics from Xi'an Jiaotong University in July 1995, a master's degree in control theory and control engineering from the University of Electronic Science and Technology of China in April 2000, and a doctorate in computer system architecture from the same university in December 2007. Mr. Liu was awarded the title of Professor by the University of Electronic Science and Technology of China in July 2017. Mr. Liu is also a member of the Institute of Electrical and Electronics Engineers and the China Computer Federation (CCF), a member of the University Computer Teaching Steering Committee of the Ministry of Education, an expert of engineering education accreditation in China, and a correspondence review expert of China Academic Degrees and Graduate Education Development Center.

**Mr. Yao Minglong** (姚明龍先生), aged 62, has been an independent Director of our Company since May 2021, primarily responsible for supervising and providing independent opinions and advice to our Board. Mr. Yao is currently an associate professor of the Department of Accounting at the School of Management, Zhejiang University.

Mr. Yao has served as an independent director of Hangzhou HOTA M&E Industry Co., Ltd. (杭州和泰機電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 001225), since October 2020, and as an independent director of Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603103), since June 2021. Mr. Yao served as an independent director of Apeloa Pharmaceutical Co., Ltd. (普洛藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000739), from May 2015 to April 2021.

Mr. Yao obtained a doctorate in agricultural economics and management from Zhejiang Agricultural University in July 1997. He was awarded the title of Associate Professor by Zhejiang University in December 1996.

**Ms. Yuen Shuk Yee** (袁淑儀女士), aged 54, was appointed as an independent non-executive Director of our Company in April 2025 with effect from the Listing Date, primarily responsible for supervising and providing independent opinions and advice to our Board.

Ms. Yuen has over 20 years of experience in overseeing financial planning, internal control, tax analysis, financial reporting, corporate governance practices and corporate restructuring. From 2001 to 2008, Ms. Yuen held various managerial positions in the accounting department of China Daye Non-Ferrous Metals Mining Limited (formerly known as

---

## DIRECTORS AND SENIOR MANAGEMENT

---

China National Resources Development Holdings Limited), a company listed on the Hong Kong Stock Exchange (stock code: 661) with her last position as chief financial officer. Ms. Yuen served as a financial controller and company secretary of DT Capital Limited (formerly known as Incutech Investments Limited), a company listed on the Hong Kong Stock Exchange (stock code: 356) from 2008 to 2014; a financial controller and company secretary of Kirin Group Holdings Limited (formerly known as Creative Energy Solutions Holdings Limited), a company then listed on the Hong Kong Stock Exchange (then stock code: 8109 and delisted in 2023) from 2010 to 2011 and from 2014 to 2015; a financial controller and company secretary of China Huandao Group Hong Kong Limited\* (中國寰島集團香港有限公司) from 2016 to 2017, as appointed by its fully owned shareholder China Chengtong Development Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 217); and a financial manager of China Uptown Group Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 2330) from 2023 to 2024.

Ms. Yuen obtained an honours diploma in accounting from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 1995. Ms. Yuen has been an associate member and a fellow member of the Association of International Accountants since October 2001 and November 2014, respectively; and an associate member of the Hong Kong Institute of Certified Public Accountants since January 2003.

### SENIOR MANAGEMENT

The following table provides information about members of our senior management:

Name	Age	Positions	Date of joining our Group	Date of appointment as a member of senior management	Roles and Responsibilities
Mr. Gerald G Wong.	72	Executive Director, chairman of our Board and general manager (chief executive officer)	May 2005	December 7, 2011	Formulating the overall development strategies and overseeing the daily operations of our Group
Mr. Zhao Haibo (趙海波先生) . . .	51	Executive Director, deputy general manager, chief technology officer	August 2005	June 26, 2012	Participating in the strategic decision-making; formulating and executing technical strategies and leading our technical team

---

## DIRECTORS AND SENIOR MANAGEMENT

---

Name	Age	Positions	Date of joining our Group	Date of appointment as a member of senior management	Roles and Responsibilities
Mr. Jin Zeqing (金澤清先生) . . .	53	Deputy general manager, secretary to our Board, and strategic consultant	May 2024	May 17, 2024	Responsible for securities affairs, public relations, internal audit, and legal affairs of our Group
Mr. Cheng Gucheng (程谷成先生) . . .	36	Deputy general manager, financial officer	January 2020	January 6, 2020	Responsible for financial management, accounting, and supervision, coordinating financial planning, budgeting, cost, and tax matters, participating in major decision-making and daily operations

For the biographies of Mr. Gerald G Wong and Mr. Zhao Haibo, see the subsection headed “— Directors — Executive Directors” above.

**Mr. Jin Zeqing** (金澤清先生), aged 53, has served as the deputy general manager, secretary to our Board, and a strategic consultant of our Company since May 2024, primarily responsible for the securities affairs, public relations, internal audit, and legal affairs of our Group. Mr. Jin is currently also an executive director and the chief financial officer of Shanghai Shangjin Huiqun Enterprise Management Consulting Co., Ltd.\* (上海上金慧群企業管理諮詢有限公司).

From July 2006 to November 2009, Mr. Jin served as the head of the human resources department at Zhejiang Huayou Cobalt Co., Ltd.\* (浙江華友鈷業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603799), where he was mainly responsible for personnel management and worked as an expatriate employee in Africa. From January 2010 to July 2011, Mr. Jin served as the deputy manager of the human resources and administration department at Shanghai Pengxin Mining Investment Co., Ltd.\* (上海鵬欣礦業投資有限公司), a company primarily engaged in mining, non-ferrous metal smelting, and manufacturing, where he was responsible for organizing expatriate assignments to Africa. From March 2013 to June 2018, he served as a director, the vice president, and the secretary to the board of Deluxe Family Co., Ltd.\* (華麗家族股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600503), where he was mainly responsible for securities, auditing, and investment

---

## DIRECTORS AND SENIOR MANAGEMENT

---

matters. From July 2018 to May 2024, he served as the chief strategic consultant at Beijing Ruize Hengye Investment Management Co., Ltd.\* (北京睿澤恒業投資管理有限公司), a company engaged in investment business, where he was responsible for investment management.

Mr. Jin obtained a bachelor's degree in law (distance learning) from The Open University of China (formerly known as China Central Radio and TV University) in July 2006 and a master's degree in business administration (distance learning) from The Open University of Hong Kong in December 2009. He was granted the qualifications of board secretary and independent director by the Shanghai Stock Exchange in November 2014 and April 2017, respectively. In April 2020, he also received the qualification of independent director for the STAR Market from the corporate training department of the Shanghai Stock Exchange. Throughout his career, Mr. Jin has received numerous honors, including "Excellent Board Secretary", "Best Board Secretary", "Gold Board Secretary", and "Most Innovative Board Secretary" awarded by securities and economic media.

**Mr. Cheng Gucheng** (程谷成先生), aged 36, joined our Group in January 2020 and served as the deputy general manager and the financial officer of our Company (up to his resignation in November 2021 due to personal work arrangement). In August 2024, Mr. Cheng was re-appointed as the deputy general manager and the financial officer of our Company, primarily responsible for financial management, accounting and supervision, coordinating financial planning, budgeting, cost, tax matters, participating in major decision-making and daily operations.

From October 2011 to January 2020, Mr. Cheng served as an assistant audit manager and audit manager at KPMG Huazhen LLP Shanghai Branch, primarily responsible for managing on-site PRC statutory audits and overseeing overseas group reporting audit services, and providing consulting services related to accounting and financial management in daily operations. During this period, Mr. Cheng was assigned and worked at KPMG AZSA LLC (Osaka Branch), from September 2015 to September 2018, as an assistant audit manager where he was responsible for on-site management and overall communication for Japan statutory audits and PRC subsidiary group reporting audit services, as well as providing consulting services in accounting and management. From December 2021 to July 2024, Mr. Cheng served as the financial director at Shanghai Dafugui Restaurant Co., Ltd.\* (上海大富貴酒樓有限公司), a catering company specializing in specialty snacks, dim sum, cooked food, Shanghai-style Anhui cuisine, and selected new retail products, where he was responsible for the company's financial management, accounting, and supervision, coordinating financial planning, budgeting, cost management, and taxation, and also participated in major decision-making, provided financial support, and assisted in managing daily operations.

Mr. Cheng obtained a bachelor's degree in international economics and trade (Japanese) from the School of Japanese Studies at Shanghai International Studies University in July 2011. He obtained the qualification of Certified Public Accountant in China from the Shanghai Institute of Certified Public Accountants in 2014, and the qualification of Certified Public Accountant in Australia from CPA Australia in February 2021.

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors and members of senior management held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this Prospectus; (ii) to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### DISCLOSURE UNDER RULE 8.10(2) OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes or is likely to compete directly or indirectly with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules.

### MANAGEMENT AND CORPORATE GOVERNANCE

#### Board Committees

We have established four board committees in accordance with the relevant laws and regulations in Chinese Mainland, the Articles of Association and the CG Code, namely the Strategy and ESG Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee. The functions of the four committees are summarized as follows:

#### *Strategy and ESG Committee*

We have established a Strategy and ESG Committee with written terms of reference. The primary duties of the Strategy and ESG Committee are to research and make recommendations on our medium and long term development strategies, major investment decisions and sustainable development strategies, and ensure ESG factors are fully taken into account in our strategic planning and decision-making process. The Strategy and ESG Committee comprises five members, namely Mr. Gerald G Wong (chairman), Mr. Zhao Haibo, Mr. Zhang Jie, Mr. Zhao Hongwei and Mr. Qin Guisen.

#### *Audit Committee*

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board in independently reviewing our financial status and the implementation and effectiveness of the internal control system, and be responsible for compliance control of our operation management and investment business, reviewing and supervising our internal audit work, as well as independent communication, supervision and verification with the internal auditor and external auditor. The Audit Committee currently comprises three members, namely Mr. Yao Minglong (chairman), Mr. Liu Guisong and Mr. Zhang Jie. Upon Listing, the Audit Committee will comprise three members, namely Mr. Yao Minglong (chairman), Mr. Liu Guisong and Ms. Yuen Shuk Yee, with Ms. Yuen Shuk Yee also being our Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### *Nomination Committee*

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Hong Kong Listing Rules and the CG Code. The primary duties of the Nomination Committee are to select and make recommendations on the candidates, selection criteria and procedures for our Directors and senior management. The Nomination Committee currently comprises three members, namely Mr. Qin Guisen (chairman), Mr. Zhao Haibo and Mr. Liu Guisong. Upon Listing, the Nomination Committee will comprise three members, namely Mr. Qin Guisen (chairman), Mr. Zhao Haibo and Ms. Yuen Shuk Yee.

### *Remuneration and Evaluation Committee*

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Hong Kong Listing Rules and the CG Code. The primary duties of the Remuneration and Evaluation Committee are to formulate the evaluation criteria for our senior management and conduct assessments, formulate and review the compensation policies and plans for our Directors and senior management. The Remuneration and Evaluation Committee comprises three members, namely Mr. Liu Guisong (chairman), Mr. Gerald G Wong and Mr. Yao Minglong.

### **CG Code**

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the CG Code after the Listing, save that Mr. Gerald G Wong will serve as both our chairman and chief executive as discussed below.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Gerald G Wong currently performs these two roles. We believe that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. We consider that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### Board Diversity

We have adopted our board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity on our Board. Our Board Diversity Policy provides that our Company should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to our Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the CG Code. After Listing, our Nomination Committee will review our Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of our Board Diversity Policy on an annual basis.

Our Board comprises eight members, including four executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of experiences, including overall management and strategic development, business and risk management, and finance and accounting experiences. Our Directors, ranging from 44 years old to 72 years old, are able to bring a balance of diversity perspectives to our Board. We have taken steps to promote gender diversity of our Board and currently one of our Directors is female. Going forward, we will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole. In particular, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group’s business plans, we will actively identify female individuals suitably qualified to become our Board members and we aim to maintain at least one female Director on our Board, subject to our Directors: (i) being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of our Company and our Shareholders as a whole when deliberating on the appointment. Our Board and our Nomination Committee will assess our Board composition annually in accordance with the CG Code. We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of our Company to further enhance the effectiveness of our corporate governance. Going forward and with a view to developing a pipeline of potential successors to our Board that may meet the targeted gender diversity ratio set out above, we will: (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management members who have the necessary skills and experience to our Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to senior management or our Board so that we will have a pipeline of female senior management and potential successors to our Board in a few years’ time. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies our Board Diversity Policy.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### WAIVERS GRANTED BY THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted (i) a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules in relation to the requirement of management presence in Hong Kong, and (ii) a waiver from strict compliance with Rules 3.28 and 8.17 of the Hong Kong Listing Rules in relation to the academic or professional qualifications of our Company's joint company secretaries. See "Waivers from Strict Compliance with the Hong Kong Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for further details.

### REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, wages, share-based compensation, contributions to pension plans, benefits-in-kind and discretionary bonuses.

For the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, the total emoluments paid to our then Directors amounted to approximately RMB7.3 million, RMB7.7 million, RMB7.3 million and RMB3.6 million, respectively.

For the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, the total emoluments paid to the five highest paid individuals (including one, one, one and one Director) by us amounted to RMB13.5 million, RMB13.6 million, RMB11.9 million and RMB6.2 million, respectively.

Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration for our Directors (including independent non-executive Directors) for the year ending December 31, 2025 will be approximately RMB7.2 million. The actual total remuneration of Directors for the year ending December 31, 2025 may be different from the expected remuneration as the discretionary bonuses will be determined based on the results of our Company for the year ending December 31, 2025.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of our Directors had waived or agreed to waive any emoluments during the same periods.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration and Evaluation Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group.

---

## DIRECTORS AND SENIOR MANAGEMENT

---

### SHARE INCENTIVE SCHEMES

In order to improve corporate governance structure and incentivize our employees, we adopted various share incentive schemes since the Listing of A Shares. As of the Latest Practicable Date, the 2024 Share Option Incentive Scheme was still in effect. See “Statutory and General Information — Our Share Incentive Schemes” in Appendix VI to this Prospectus for details.

### COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Hong Kong Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the requirements under the Hong Kong Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the compliance adviser will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this Prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

The term of appointment of the compliance adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

## SUBSTANTIAL SHAREHOLDERS

### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Number and class of Shares held	Shareholding in our total issued Shares as of the Latest Practicable Date	Assuming that the Over-allotment Option is not exercised		Assuming that the Over-allotment Option is fully exercised	
				Shareholding in our A Shares immediately after the Global Offering	Shareholding in our total issued Shares immediately after the Global Offering	Shareholding in our A Shares immediately after the Global Offering	Shareholding in our total issued Shares immediately after the Global Offering
Mr. Gerald G Wong . . . .	(i) Interest in controlled corporation <sup>1</sup>	32,025,735 A Shares	11.95%	11.95%	9.56%	11.95%	9.28%
	(ii) Interest held jointly with other persons <sup>2</sup>	5,850,476 A Shares	2.18%	2.18%	1.75%	2.18%	1.70%
CIG Cayman .	Beneficial owner <sup>1</sup>	32,025,735 A Shares	11.95%	11.95%	9.56%	11.95%	9.28%
Mr. Zhao Haibo . . . .	(i) Interest in controlled corporation <sup>3</sup>	5,850,476 A Shares	2.18%	2.18%	1.75%	2.18%	1.70%
	(ii) Interest held jointly with other persons <sup>2</sup>	32,025,735 A Shares	11.95%	11.95%	9.56%	11.95%	9.28%

*Notes:*

- (1) Mr. Gerald G Wong was interested in 32,025,735 A Shares held by CIG Cayman, a company wholly owned by Mr. Gerald G Wong.
- (2) Mr. Gerald G Wong and Mr. Zhao Haibo are parties acting in concert pursuant to the Concert Party Agreement.
- (3) Kangling Technology is a limited partnership whose executive partner is Mr. Zhao Haibo (holding 19.80% partnership interest in it) and its limited partners consist of Ms. Qin Yan (Mr. Zhao Haibo's spouse, holding 0.20% partnership interest in it) and Kangling Management (holding 80.00% partnership interest in it). As the executive partner of Kangling Technology and Kangling Management, Mr. Zhao Haibo is responsible for the execution of partnership affairs and thus ultimately controls the voting power of Kangling Technology and Kangling Management, respectively. Thus, Mr. Zhao Haibo, by virtue of his role as the executive partner, and Kangling Management, by virtue of its role as the limited partner held more than 30% partnership interest, was deemed to be interested in all the A Shares held by Kangling Technology (i.e., 5,850,476 A Shares).

---

## **SUBSTANTIAL SHAREHOLDERS**

---

For further information on any other person who will be, immediately following completion of the Global Offering, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see “Statutory and General Information — Further Information About Our Directors and Substantial Shareholders — Disclosure of Interests — Interests of the Substantial Shareholders” in Appendix VI to this Prospectus.

## SHARE CAPITAL

### BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was 268,019,841 A Shares of nominal value of RMB1.00 each, which were all listed on the main board of the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares . . . . .	268,019,841	100%

### UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares . . . . .	268,019,841	80.00%
H Shares to be issued pursuant to the Global Offering . . . . .	67,010,500	20.00%
<b>Total . . . . .</b>	<b>335,030,341</b>	<b>100%</b>

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is fully exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares . . . . .	268,019,841	77.67%
H Shares to be issued pursuant to the Global Offering . . . . .	77,062,000	22.33%
<b>Total . . . . .</b>	<b>345,081,841</b>	<b>100%</b>

---

## SHARE CAPITAL

---

### OUR SHARES

Upon completion of the Global Offering, our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC Law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese Mainland.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

### RANKING

Our A Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank *pari pass* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

### NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

---

## SHARE CAPITAL

---

### APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders' general meeting of our Company held on April 28, 2025 and is subject to the following conditions:

- (a) *Size of the offer.* The maximum number of H Shares to be issued before the exercise of the Over-allotment Option shall be approximately 20% of the enlarged share capital of our Company upon completion of the Global Offering and granting the Underwriters the Over-allotment Option of no more than 15% of the above number of H Shares to be issued.
- (b) *Method of offering.* The method of offering shall be by way of an international offering to institutional investors and a public offer for subscription in Hong Kong.
- (c) *Target investors.* The H Shares shall be issued to public investors in Hong Kong under the Hong Kong Public Offering and international investors, qualified domestic institutional investors in Chinese Mainland and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in International Offering.
- (d) *Price determination basis.* The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, acceptance of investors and the risks related to the offering, according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.
- (e) *Validity period.* The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within eighteen months from the date when the Shareholders' general meeting was held on April 28, 2025.

There are no other approved offering plans for our Shares except the Global Offering.

### SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our Shareholders' general meeting is required, see "Summary of Articles of Association — Shareholders and Shareholders' Meetings" in Appendix V to this Prospectus.

### 2024 SHARE OPTION INCENTIVE SCHEME

We have adopted the 2024 Share Option Incentive Scheme, the principal terms of which are summarized in "Statutory and General Information — Our Share Incentive Schemes — 2024 Share Option Incentive Scheme" in Appendix VI to this Prospectus.

---

## FINANCIAL INFORMATION

---

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the Track Record Period, together with the accompanying notes, as included in the Accountants' Report set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with the IFRS 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 our assumptions and analysis 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. However, our actual results may differ significantly from those projected in the forward-looking statements as a result of various factors, including but not limited to those discussed in the section headed 'Risk Factors' and elsewhere in this Prospectus.*

### OVERVIEW

We are primarily engaged in designing, developing, and selling connectivity and data transmission devices. During the Track Record Period, we generated our revenue primarily from the sales of our products in (i) broadband; (ii) wireless; and (iii) photonics technologies. According to F&S, we were one of the few global companies that offer products across these three technologies. We also ranked 5th in the global integrated optical and wireless connectivity devices (“OWCD”) industry in 2024, with a market share of 4.1%, in terms of sales revenue.

During the Track Record Period, we had collaborated with several globally leading partners, with whom we had maintained stable relationships for over 10 years. Moreover, our customer base as of June 30, 2025 comprised AI data centers, telecommunication operators, ICT equipment providers, MSO, and IoT solutions providers. A significant portion of our operations and revenue is derived from international markets, including markets in the United States, Europe, and the Asia-Pacific. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our revenue generated from overseas markets represented 82.9%, 89.3%, 92.6%, and 94.0% of our total revenue, respectively.

As of June 30, 2025, our R&D team comprised 673 members, representing over 50% of our total workforce, and we have established R&D centers in China, the United States, and Japan. During the Track Record Period, our R&D expenses represented 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue, respectively, and our cumulative R&D investments during the Track Record Period exceeded RMB1.4 billion.

We primarily manufacture our products via (i) the co-location manufacturing model; and (ii) our in-house manufacturing facility. Our co-location manufacturing model is a lean, flexible approach commonly used in our industry. We are responsible for the product design,

---

## FINANCIAL INFORMATION

---

key materials, core machinery, processes, and overall management, while our local partners provide the factory space, workforce, and handle local regulations. As of the Latest Practicable Date, we had entered into agreements with three co-location partners in China, and three overseas, namely in Malaysia, the United States, and Europe. Our in-house manufacturing facilities (with the first one located in Shanghai and has been in operation since 2014, and the new facility located in Jiashan, near Shanghai, which has been in operation from July 2025) are also considered essential to our production capabilities. We conduct pilot runs in-house to optimize processes before replicating them at co-location sites, and we maintain some production in-house as a benchmark for co-location operations.

In terms of our financial performance, during the Track Record Period, we had generated a revenue of RMB3,783.7 million, RMB3,085.4 million, RMB3,649.9 million, and RMB2,034.0 million, with a gross profit of RMB688.6 million, RMB664.1 million, RMB762.2 million, and RMB444.6 million, at a gross profit margin of 18.2%, 21.5%, 20.9%, and 21.9%, respectively. During the same years/periods, we had a net profit of RMB171.1 million, RMB95.0 million, RMB167.0 million, and RMB117.5 million, at a net profit margin of 4.5%, 3.1%, 4.6%, and 5.8%, respectively.

### **BASIS OF PREPARATION**

Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. All standards, amendments, interpretations and annual improvements which are effective for the accounting period commencing from January 1, 2025 have been applied by the Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value through profit or loss.

The preparation of our consolidated financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying 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 4 of the Accountants' Report set out in the Appendix I to this Prospectus.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

#### **Market demand for optical and wireless connectivity devices (“OWCD”)**

Our business expansion and revenue growth have depended, and will continue to depend, on the global market demand of OWCD, a comprehensive suite of devices supporting critical stages across optical communication and wireless networking industry, which mainly include

(i) wired broadband access devices; (ii) wireless network access devices; and (iii) photonics (optical transceivers/optical modules). According to F&S, we are ranked 5th with a market share of 4.1% in the global integrated OWCD industry terms of revenue in 2024. During the Track Record Period, our revenue generated from the sales of photonics products, broadband products and wireless products amounted to RMB3,593.5 million, RMB2,992.3 million, RMB3,576.6 million and RMB2,002.0 million, accounting for 95.0%, 97.0%, 98.0% and 98.4% of our total revenue, respectively. According to F&S, the sales revenue of the global OWCD industry increased from USD32.4 billion in 2020 to USD54.6 billion in 2024, and is expected to further increase to USD111.8 billion in 2029, representing a CAGR of 15.4% from 2024 to 2029, driven by strong customer needs for data transmission, wired broadband access and wireless network access products. It is also expected that (i) the sales revenue of global photonics industry would reach USD41.5 billion in 2029 with a CAGR of 18.5% from 2024; (ii) the market size of global PON device industry would increase to USD11.9 billion in 2029, with a CAGR of approximately 8.8% from 2024; and (iii) the global Wi-Fi device sales revenue increased from USD13.7 billion to approximately USD16.7 billion, with a CAGR of around 5.1%, from 2020 to 2024. We believe that we are well-positioned to capitalize such market growth potential by leveraging our competitive edge and industry leadership.

#### **Ability to continuously upgrade and expand our products portfolio**

Our ability to continue to upgrade and expand our products portfolio is one of the most important factors affecting our results of operations and financial conditions. Product design,

---

## FINANCIAL INFORMATION

---

million, respectively, accounting for 81.8%, 78.5%, 79.1%, and 78.1% of our revenue for the same years/periods. Our cost of sales consists of cost of raw materials, staff costs, and manufacturing overhead. Changes in any major component of our cost of sales would affect our overall cost structure which, in turn, could have an impact on our gross profit and gross profit margins. In particular, our cost of raw materials accounted for 84.8%, 85.1%, 85.7%, and 84.3%, of our total cost of sales in 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively. The procurement costs for raw materials may fluctuate due to a number of factors beyond our control, such as supply chain disruptions and inflation. We continuously improve cost efficiency in raw material procurement through adopting a localized and stable supply chain that supports our manufacturing capabilities overseas and in China. Moreover, we continuously enhance cost efficiency in manufacturing through strategic initiatives, including: (i) implementing lean manufacturing and automated production processes; (ii) standardizing components and management processes across manufacturing facilities overseas and in China; and (iii) leveraging management talent and intelligent manufacturing expertise to enhance the operational efficiency.

Moreover, our operating expenses during the Track Record Period consisted of expenses in relation to R&D, selling and marketing, and administrative activities. Our total operating expenses amounted to RMB534.8 million, RMB563.8 million, RMB618.7 million, and RMB324.0 million in 2022, 2023, and 2024, and the six months ended June 30, 2025, accounting for 14.1%, 18.3%, 17.0%, and 15.9% of our total revenue during the same years/periods, respectively. Our ability to effectively manage our operating expenses may affect our profitability.

### **Foreign currency fluctuations**

Due to the presence overseas and in China of our business, our results of operations are affected by foreign exchange rate movements, both on a transactional and translational basis. Our Group's subsidiaries mainly operate in the PRC, the United States, and Japan and the majority of our transactions are settled in RMB, USD, and JPY, which are the functional currencies of our Group entities to which the transactions relate. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's subsidiaries. Consequently, we are exposed to risks arising from fluctuations in the exchange rates of RMB and foreign currencies and may record gains or losses from these currency conversion transactions and translations.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. As a result, fluctuations in the exchange rates of RMB and foreign currencies could affect our results of operations. In 2022, 2023, and 2024, and the six months ended June 30, 2025, we recorded net foreign exchange gains of RMB35.0 million, RMB31.8 million, RMB14.4 million, and RMB13.7 million, respectively. The value of foreign currencies may fluctuate due to a number of factors, all of which are beyond our control. We may need to use hedging arrangements to mitigate the impact of foreign exchange rate fluctuations. However,

we may not be able to fully mitigate the risk of foreign exchange loss, if any, through these arrangements and such arrangement may also incur additional costs. Please refer to the section headed “Risk Factors — Risks relating to doing business in the jurisdictions where we operate — Fluctuations in exchange rates may have a material adverse effect on our results of operations, financial condition and your investment” in this Prospectus.

During the Track Record Period, our Group did not engage in any formal hedging arrangements to mitigate the impact of foreign exchange rate fluctuations. Instead, we maintained a portion of our funds in USD, either in circulation or in bank savings accounts, to meet payment obligations, rather than converting them back to RMB. This was an opportunistic decision influenced by the prevailing interest rate environment, where USD deposit rates were significantly more favorable than those for RMB. Given that a substantial portion of our procurement payments were denominated in USD, holding USD deposits not only aligned with our payment needs but also enabled us to benefit from higher interest income. This selective use of financial instruments was consistent with our broader treasury strategy, which emphasizes flexibility, cost-effectiveness, and efficient fund deployment.

In summary, we did not establish a formal hedging policy for two main reasons. Firstly, a substantial portion of our Group’s revenue and procurement activities were denominated in the same functional currencies. This constituted a natural hedge, thereby mitigating our exposure to currency mismatches. Secondly, our Group adhered to a prudent treasury policy

## **Revenue recognition**

Our revenue arises mainly from the sales of goods. To determine whether to recognize revenue, our Group follows a five-step process: (i) identifying the contract with a customer; (ii) identifying the performance obligations; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when/as performance obligation(s) are satisfied. In all cases, the total transaction price for a contract is

---

## FINANCIAL INFORMATION

---

Depreciation is recognized so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method over their estimated useful lives as following:

Buildings . . . . .	20 years
Machinery and equipment . . . . .	5-10 years
Computer equipment . . . . .	3 years
Motor vehicles. . . . .	4 years
Leasehold improvements . . . . .	Over the lease term
Office equipment. . . . .	5 years

Accounting policy for depreciation of right-of-use assets is set out in Note 2.14 to the Accountants' Report in Appendix I to this Prospectus. Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date. Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **Intangible assets (other than Goodwill) and research and development activities**

#### *Intangible assets (other than goodwill)*

Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortization commences when the intangible assets are available for use. The following useful lives are applied:

Patent . . . . .	6.75 years
Software . . . . .	10 years
Deferred development cost . . . . .	5 years

The assets' amortization methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Intangible assets are tested for impairment as described in Note 2.20 to the Accountants' Report in Appendix I to this Prospectus.

#### *Research and development costs*

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognized as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;

---

## FINANCIAL INFORMATION

---

- (iii) our Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognized as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets. All other development costs are expensed as incurred.

### **Inventories**

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the first-in first-out basis, and in the case of work in progress and finished goods, comprise direct materials, direct labor and an appropriate proportion of overheads.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

### **Impairment of non-financial assets**

The following assets are subject to impairment testing:

- Goodwill;
- Intangible assets;
- Property, plant and equipment (including right-of-use assets and deposits for acquisition of property, plant and equipment, and intangible assets);
- Prepaid lease payments; and
- Investments in subsidiaries in our Company's statements of financial position.

---

## FINANCIAL INFORMATION

---

Goodwill and intangible assets those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognized for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

---

## FINANCIAL INFORMATION

---

### **Estimation of impairment of trade and bills receivables, and deposits and other receivables**

We make allowances on items subjects to ECL (including trade and bills receivables, and deposits and other receivables and other financial assets measured at amortized cost) based on assumptions about risk of default and expected loss rates. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the our past history, existing market conditions as well as forward-looking estimates.

As of December 31, 2022, 2023, and 2024, and June 30, 2025, the aggregate carrying amounts of our trade and bills receivables, and deposits and other receivables amounted to RMB1,611.3 million, RMB1,124.0 million, RMB1,252.8 million, and RMB1,591.9 million, net of loss allowance of RMB23.4 million, RMB18.7 million, RMB20.1 million, and RMB25.7 million, respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables, and deposits and other receivables and related credit losses in the periods in which such estimate has been changed.

### *Current and deferred income tax*

Our Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from our Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### *Net realizable value of inventories*

Net realizable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. Our Group reassesses the estimation at each reporting date. The provision for inventories, net, amounting to RMB18.5 million, RMB3.7 million, RMB4.1 million, and RMB3.4 million have been provided in 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively.

## FINANCIAL INFORMATION

### RESULTS OF OPERATIONS

The following table sets forth a summary, for the years/periods indicated, of our consolidated results of operations. Each item has also been expressed as a percentage of our revenue.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Una dited)</i>									
<b>Revenue</b> . . . . .	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>
Cost of sales . . . . .	(3,095,104)	(81.8)	(2,421,267)	(78.5)	(2,887,642)	(79.1)	(1,378,242)	(78.2)	(1,589,443)	(78.1)
<b>Gross profit</b> . . . . .	<b>688,635</b>	<b>18.2</b>	<b>664,095</b>	<b>21.5</b>	<b>762,247</b>	<b>20.9</b>	<b>383,166</b>	<b>21.8</b>	<b>444,580</b>	<b>21.9</b>
Other income, net . . . . .	20,006	0.5	18,882	0.6	49,663	1.4	38,900	2.2	14,427	0.7
Other gains/(loss), net . . .	34,776	0.9	31,133	1.0	24,458	0.7	(7,091)	(0.4)	13,965	0.7
Research and development expenses . . . . .	(270,376)	(7.1)	(275,799)	(8.9)	(320,368)	(8.8)	(149,005)	(8.5)	(160,785)	(7.9)
Selling and marketing expenses . . . . .	(58,106)	(1.5)	(70,484)	(2.3)	(90,065)	(2.5)	(43,144)	(2.4)	(52,042)	(2.5)
General and administrative expenses . . . . .	(206,271)	(5.5)	(217,488)	(7.0)	(208,259)	(5.7)	(103,234)	(5.9)	(111,199)	(5.5)
Reversal/(Provision) of expected credit loss, net	27,751	0.7	4,698	0.2	(1,351)	(0.1)	(4,288)	(0.3)	(5,587)	(0.3)
<b>Operating profit</b> . . . . .	<b>236,415</b>	<b>6.2</b>	<b>155,037</b>	<b>5.1</b>	<b>216,325</b>	<b>5.9</b>	<b>115,304</b>	<b>6.5</b>	<b>143,359</b>	<b>7.1</b>
Finance costs . . . . .	(57,903)	(1.5)	(61,123)	(2.0)	(52,890)	(1.4)	(32,132)	(1.8)	(24,263)	(1.2)
<b>Profit before income tax</b> .	<b>178,512</b>	<b>4.7</b>	<b>93,914</b>	<b>3.1</b>	<b>163,435</b>	<b>4.5</b>	<b>83,172</b>	<b>4.7</b>	<b>119,096</b>	<b>5.9</b>
Income tax (expense)/credit . . . . .	(7,406)	(0.2)	1,051	0.0	3,606	0.1	1,407	0.1	(1,550)	(0.1)
<b>Profit for the period</b> . . .	<b>171,106</b>	<b>4.5</b>	<b>94,965</b>	<b>3.1</b>	<b>167,041</b>	<b>4.6</b>	<b>84,579</b>	<b>4.8</b>	<b>117,546</b>	<b>5.8</b>
Other comprehensive expenses items that may be reclassified to profit or loss:										
Exchange differences on translation of financial statements of foreign operations . . . . .	(8,922)	(0.2)	(3,403)	(0.1)	(1,845)	(0.1)	(4,660)	(0.3)	1,930	0.1
<b>Total comprehensive income for the period</b> .	<b>162,184</b>	<b>4.3</b>	<b>91,562</b>	<b>3.0</b>	<b>165,196</b>	<b>4.5</b>	<b>79,919</b>	<b>4.5</b>	<b>119,476</b>	<b>5.9</b>
<b>Profit/(Loss) for the period attributable to:</b>										
Owners of the Company . .	171,106	4.5	95,018	3.1	166,681	4.6	80,004	4.5	120,905	6.0
Non-controlling interests . .	–	0.0	(53)	(0.0)	360	0.0	4,575	0.3	(3,359)	(0.2)
	<b>171,106</b>	<b>4.5</b>	<b>94,965</b>	<b>3.1</b>	<b>167,041</b>	<b>4.6</b>	<b>84,579</b>	<b>4.8</b>	<b>117,546</b>	<b>5.8</b>

## FINANCIAL INFORMATION

### DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

##### *Re en e b . o d c . ca ego .*

During the Track Record Period, we primarily generated revenue from the sales of (i) broadband products; (ii) wireless products; and (iii) photonics products. The following table sets forth our revenue breakdown by products category, both in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Broadband products . . . . .	2,059,278	54.5	1,827,146	59.2	2,032,689	55.7	975,732	55.4	1,192,642	58.6
Wireless products . . . . .	1,056,051	27.9	718,518	23.3	1,052,400	28.8	551,193	31.3	415,166	20.4
Photonics products . . . . .	478,215	12.6	446,680	14.5	491,527	13.5	202,041	11.5	394,216	19.4
Others <sup>(1)</sup> . . . . .	190,195	5.0	93,018	3.0	73,273	2.0	32,442	1.8	31,999	1.6
<b>Total . . . . .</b>	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>

*(Una dited)*

*Note:*

- Primarily included carrier-grade ethernet switches and edge computing products.

In general, fluctuations in our revenue during the Track Record Period were primarily driven by changes in industry-wide demand, while our international expansion strategy supported revenue growth in specific markets. In 2023, overall revenue declined due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand. However, in 2024, this deferred demand materialized, leading to a robust rebound in sales. This recovery was further bolstered by our intensified international sales efforts, particularly in the United States and Europe, where we expanded our commercial presence and developed stronger customer relationships. Our total sales volume decreased from 13.7 million units in 2022 to 9.7 million units in 2023, and recovered to 12.8 million units in 2024. For the six months ended June 30, 2024 and 2025, our total sales volume remained stable at around 6.6 million units. Similarly, our total revenue decreased from RMB3,783.7 million in 2022 to RMB3,085.4 million in 2023, then increased to RMB3,649.9 million in 2024. For the six months ended June 30, 2024 and 2025, our total revenue increased from RMB1,761.4 million to RMB2,034.0 million.

To a lesser extent, we also generated a part of our income from the sale of other devices, namely carrier-grade Ethernet switches and edge computing products. These products are mainly used for high-performance network routing, data processing at the network edge, and

real-time analytics, and are mostly used by customers in the telecommunications, industrial automation, and enterprise IT infrastructure industries. For 2022, 2023, and 2024, the sales volume of such products decreased from 0.6 million units to 0.3 million units and 0.3 million units, and from 0.2 million units to 0.1 million units for the six months ended June 30, 2024 and 2025, respectively.

Our average selling price (“**ASP**”) is calculated by dividing the revenue generated by our key product lines by the total sales volume of each product line. Each product line may comprise over hundreds of products, which may vary significantly in terms of pricing, customer type, and timing of sales. During the Track Record Period, we did not experience a concentration of revenue derived from any single product, with our top one product contributing 10.9% of our total revenue for 2024. Given the wide variety of our products, we

## FINANCIAL INFORMATION

technologies. This sustained increase was also driven by growing shipments of 400G products throughout 2023 and 2024. As the product line continues to evolve and upgrade, the higher-performance 400G offerings have contributed to a higher overall ASP. For the six months ended June 30, 2024 and 2025, the ASP decreased from RMB1,682.3 to RMB1,595.7.

### *Revenue by geographical region*

Our products are sold to customers located in more than 50 countries and regions worldwide. The following table sets forth the breakdown of our revenue by geographical region in which our customers are located for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(continued)									
North America										
– United States . . . . .	1,187,244	31.4	1,161,500	37.6	1,448,139	39.7	691,922	39.3	980,454	48.2
– Mexico . . . . .	32,046	0.8	14,523	0.5	6,744	0.2	7,101	0.4	–	–
– Canada . . . . .	109,843	2.9	25,741	0.8	1,097	0.0	9	0.0	642	0.0
– Others . . . . .	27,208	0.7	22,201	0.7	942	0.0	650	0.0	–	–
<b>Sub-total . . . . .</b>	<b>1,356,341</b>	<b>35.8</b>	<b>1,223,965</b>	<b>39.7</b>	<b>1,456,922</b>	<b>39.9</b>	<b>699,682</b>	<b>39.7</b>	<b>981,096</b>	<b>48.2</b>
Europe										
– Finland . . . . .	1,257,194	33.2	1,115,094	36.1	1,515,843	41.5	731,271	41.5	788,646	38.8
– Others <sup>(1)</sup> . . . . .	103,004	2.7	75,107	2.5	57,721	1.6	24,949	1.4	24,242	1.2
<b>Sub-total . . . . .</b>	<b>1,360,198</b>	<b>35.9</b>	<b>1,190,201</b>	<b>38.6</b>	<b>1,573,564</b>	<b>43.1</b>	<b>756,220</b>	<b>42.9</b>	<b>812,888</b>	<b>40.0</b>
Chinese Mainland . . . . .	647,799	17.1	331,358	10.7	270,360	7.4	133,832	7.6	121,824	6.0
Asia (excluding										
Chinese Mainland) . . . . .	414,705	11.0	331,895	10.8	341,101	9.3	165,657	9.4	117,020	5.8
Others <sup>(2)</sup> . . . . .	4,696	0.1	7,943	0.3	7,942	0.2	6,017	0.4	1,195	0.0
<b>Total . . . . .</b>	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,649,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>

*Note:*

1. Primarily included Denmark, the Netherlands, and the United Kingdom.
2. Primarily included countries in South America, South Africa and Oceania.

Our revenue from North America decreased from RMB1,356.3 million in 2022 to RMB1,224.0 million in 2023, before rising to RMB1,456.9 million in 2024. Similarly, our revenue from Europe declined from RMB1,360.2 million in 2022 to RMB1,190.2 million in 2023, and then increased to RMB1,573.6 million in 2024. The declines in 2023 in both regions primarily reflected an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period. In 2024, this deferred demand materialized, and our

## FINANCIAL INFORMATION

intensified sales efforts, particularly in the United States and key European markets, led to a strong recovery. For the six months ended June 30, 2024 and 2025, our revenue from North America increased from RMB699.7 million to RMB981.1 million for similar reasons.

Our revenue from Chinese Mainland declined steadily from RMB647.8 million in 2022 to RMB331.4 million in 2023, and further to RMB270.4 million in 2024. While the 2023 decline was partially influenced by the broader post-pandemic inventory cycle, the continued decrease in 2024 reflected our strategic expansion of our overseas sales and marketing efforts. For the six months ended June 30, 2024 and 2025, our revenue from Chinese Mainland declined from RMB133.8 million to RMB121.8 million for similar reasons.

Our products are marketed and sold mainly in overseas markets. We expect that we will continue to generate the majority of revenue from sales in overseas markets in the future.

### *Re e n e b b i n e m o d e l*

We deliver products to customers through either Joint Design Manufacturing (“JDM”) or Original Design Manufacturing (“ODM”) models. Under the JDM model, we work closely with customers from the early stages of product design and development. JDM projects typically involve a longer lead time often one to two years for certification due to the high level of customization and the need for strong financial and operational capabilities. Our JDM customers are mainly large multinational digital communications companies. In contrast, our ODM model is more streamlined. We design and develop products internally and then offer these readily available products to customers. This model offers faster time-to-market and cost efficiency, making it ideal for clients who prefer proven, off-the-shelf products with minimal development time.

The following sets forth the revenue generated from such models during the Track Record Period:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Una dited)</i>									
JDM . . .	2,187,589	57.8	1,639,179	53.1	1,950,263	53.4	977,804	55.5	933,385	45.9
ODM . . .	1,596,150	42.2	1,446,183	46.9	1,699,626	46.6	783,604	44.5	1,100,638	54.1
<b>Total . . .</b>	<b>3,783,739</b>	<b>100.0</b>	<b>3,085,362</b>	<b>100.0</b>	<b>3,644,889</b>	<b>100.0</b>	<b>1,761,408</b>	<b>100.0</b>	<b>2,034,023</b>	<b>100.0</b>

In general, there was no distinct factor differentiating the revenue fluctuations between our JDM and ODM customers. During the Track Record Period, revenue from JDM customers decreased by RMB548.4 million, or by 25.1%, from RMB2,187.6 million in 2022 to RMB1,639.2 million in 2023. Similarly, revenue from ODM customers declined by RMB150.0 million, or by 9.4%, from RMB1,596.2 million in 2022 to RMB1,446.2 million in 2023. These

## FINANCIAL INFORMATION

declines were primarily due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand across both JDM and ODM segments. In 2024, this deferred demand began to recover. Coupled with our enhanced sales and marketing efforts, especially in overseas markets, demand from both JDM and ODM customers rebounded. Consequently, revenue from JDM customers increased by RMB311.1 million, or by 19.0%, to RMB1,950.3 million, while revenue from ODM customers rose by RMB253.4 million, or by 17.5%, to RMB1,699.6 million. For the six months ended June 30, 2024 and 2025, our revenue from JDM customers decreased from RMB977.8 million to RMB933.4 million, and our revenue from ODM customers increased from RMB783.6 million to RMB1,100.6 million.

### *Re e n e b . m a n f a c i n g m o d e l*

We primarily manufacture our products via: (i) the co-location manufacturing model; and (ii) our in-house manufacturing facility. Our co-location manufacturing model leverages the local infrastructure, skill sets, networks and know-how of co-location partners, whereas our in-house manufacturing facility relies on our internal capabilities. As of the Latest Practicable Date, we had entered into agreements with three co-location partners in China, and three overseas, namely in Malaysia, the United States, and Europe. As of the same date, we have in place our first in-house manufacturing facility Shanghai (which has been in operation since 2014) and a new facility located in Jiashan, near Shanghai (which has been in operation from July 2025). The following table sets forth a breakdown of our revenue generated by the sale of products that were manufactured by our co-location manufacturing partners and those by our in-house manufacturing facility during the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Co-location manufacturing facilities . . . . .	1,733,450	45.8	1,859,757	60.3	2,282,375	62.5	1,029,430	58.4	1,326,988	65.2
In-house manufacturing facilities . . . . .	2,050,289	54.2	1,225,605	39.7	1,367,514	37.5	731,978	41.6	707,035	34.8
<b>Total . . . . .</b>	<b><u>3,783,739</u></b>	<b><u>100.0</u></b>	<b><u>3,085,362</u></b>	<b><u>100.0</u></b>	<b><u>3,649,889</u></b>	<b><u>100.0</u></b>	<b><u>1,761,408</u></b>	<b><u>100.0</u></b>	<b><u>2,034,023</u></b>	<b><u>100.0</u></b>

*(U n a d i t e d)*

Our revenue generated from the sale of products manufactured at our co-location facilities increased from RMB1,733.5 million in 2022 to RMB1,859.8 million in 2023, and further to RMB2,282.4 million in 2024. This growth was primarily driven by our strategy to expand internationally. For the six months ended June 30, 2024 and 2025, such revenue increased from RMB1,029.4 million to RMB1,327.0 million, for similar reasons.

## FINANCIAL INFORMATION

Revenue from our in-house manufacturing facilities, based in Shanghai, decreased from RMB2,050.3 million in 2022 to RMB1,226.5 million in 2023, before recovering to RMB1,367.5 million in 2024. The initial decline in 2023 was largely due to an industry-wide inventory destocking cycle, following elevated stockpiling during the pandemic period which resulted in postponed demand. In 2024, as this deferred demand materialized, overall sales increased. However, with our strategic emphasis on international markets, a larger share of production was allocated to co-location facilities overseas, leading to a more modest recovery in revenue from our in-house operations. For the six months ended June 30, 2024 and 2025, such revenue slightly decreased from RMB732.0 million to RMB707.0 million.

### Cost of sales

Our cost of sales mainly consists of (i) raw materials; (ii) manufacturing overhead; and (iii) staff costs. Our raw materials mainly include integrated circuits, structural components, transistors, and connectors. In 2022, 2023, and 2024, and the six months ended June 30, 2025 our cost of sales amounted to RMB3,095.1 million, RMB2,421.3 million, RMB2,887.6 million, and RMB1,589.4 million, representing 81.8%, 78.5%, 79.1%, and 78.1% of our total revenue for the same years, respectively.

The following table sets forth a breakdown of cost of sales by nature, expressed as an absolute amount and as a percentage of our total cost of sales, for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Undated)</i>									
Raw materials . . . . .	2,623,804	84.8	2,060,027	85.1	2,475,270	85.7	1,176,140	85.3	1,339,652	84.3
Manufacturing overhead										
– <i>In-house facilities</i> . . .	286,986	9.2	212,123	8.7	230,801	8.0	102,572	7.5	145,896	9.2
– <i>Processing fees</i> . . . . .	119,783	3.9	102,914	4.3	123,179	4.3	70,150	5.1	50,716	3.2
<b>S b- o a l . . . . .</b>	<b>406,769</b>	<b>13.1</b>	<b>315,037</b>	<b>13.0</b>	<b>353,980</b>	<b>12.3</b>	<b>172,722</b>	<b>12.6</b>	<b>196,612</b>	<b>12.4</b>
Staff costs . . . . .	64,531	2.1	46,203	1.9	58,392	2.0	29,380	2.1	53,179	3.3
<b>Total . . . . .</b>	<b>3,095,104</b>	<b>100.0</b>	<b>2,421,267</b>	<b>100.0</b>	<b>2,887,642</b>	<b>100.0</b>	<b>1,378,242</b>	<b>100.0</b>	<b>1,589,443</b>	<b>100.0</b>

The primary component of cost of sales is raw materials, which typically account for over 80% of the total cost of sales during the Track Record Period. Remaining less than 20% accounts for manufacturing overhead, comprising both the production costs at our in-house facilities and the processing fees charged by our co-location partners in the PRC. For further details, please see the section headed “Business — Manufacturing — Our co-location manufacturing model” in this Prospectus.



## FINANCIAL INFORMATION

During the Track Record Period, our gross profit and gross profit margins were generally lower in 2022 due to elevated raw material costs. These were driven by industry-wide supply chain disruptions that persisted from the pandemic period, which limited our ability to procure materials cost-effectively. As these disruptions eased in 2023, procurement costs normalized, contributing to a recovery in gross profit margins. This trend continued into 2024 and 2025, supported by both improved cost structures and a favorable product mix, particularly as we rolled out more sophisticated, high-margin photonics products. Looking ahead, we remain focused on sustaining revenue growth while continuing to introduce advanced products that enhance our profitability profile.

The following table sets forth a breakdown of our gross profit and gross profit margin by JDM and ODM customers for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Una dited)</i>									
JDM . . . . .	393,306	18.0	298,608	18.2	360,558	18.5	195,631	20.0	181,022	19.4
ODM . . . . .	<u>295,329</u>	18.5	<u>365,487</u>	25.3	<u>401,689</u>	23.6	<u>187,535</u>	23.9	<u>263,558</u>	23.9
<b>Total/overall . . . . .</b>	<b><u>688,635</u></b>	<b>18.2</b>	<b><u>664,095</u></b>	<b>21.5</b>	<b><u>762,247</u></b>	<b>20.9</b>	<b><u>383,166</u></b>	<b>21.8</b>	<b><u>444,580</u></b>	<b>21.9</b>

In terms of profitability, under the JDM model, customers often participate in the development process by providing specific features such as firmware modules. In contrast, the ODM model grants us full responsibility for feature development and enables us to deliver more value-added components, such as software and interworking capabilities. This generally supports higher margins. It is worth noting that the relatively lower gross profit margins from ODM in 2022 was primarily due to our Group's strategic decision to pay a premium for securing critical materials amid shortages, in order to maintain delivery commitments. This was considered a necessary trade-off to uphold customer trust and continuity.

### Other income, net

Our other income, net mainly consists of (i) government subsidies, which are mostly unconditional, and non-recurring, such subsidies include financial supports that we received from local governments in recognition of our contribution to technology innovation and regional business development; (ii) interest income; and (iii) other income primarily consisting of rental income. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our other income, net amounted to RMB20.0 million, RMB18.9 million, RMB49.7 million, and

## FINANCIAL INFORMATION

RMB14.4 million, respectively. The following table sets forth a breakdown of our other income, net for the years/periods indicated:

	For the year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Una dited)</i>	
Government subsidies <sup>(1)</sup> . . . . .	16,575	10,096	30,950	26,758	9,570
Interest income . . . . .	1,411	7,293	16,399	11,023	3,527
Others <sup>(2)</sup> . . . . .	2,020	1,493	2,314	1,119	1,330
<b>Total</b> . . . . .	<b><u>20,006</u></b>	<b><u>18,882</u></b>	<b><u>49,663</u></b>	<b><u>38,900</u></b>	<b><u>14,427</u></b>

During the Track Record Period, our Group experienced a substantial increase in interest income, driven by a combination of favorable financial performance, strategic treasury management, and effective deployment of surplus funds. In 2023, the increase was primarily attributable to our Company's proactive engagement with banking institutions, through which we successfully negotiated higher deposit interest rates. This initiative coincided with a period of strong profitability in both 2022 and 2023, resulting in sustained net cash inflows. Consequently, our Group maintained higher average daily deposit balances, which significantly contributed to the growth in interest income. In 2024, interest income continued to rise, supported by a further increase in average daily cash balances. Additionally, a portion of the interest from USD-denominated deposits placed in 2023 was settled and recognized in 2024, further boosting the year's interest income. This timing effect, combined with our Group's continued focus on liquidity management, reinforced the upward trend. Throughout the Track Record Period, our Group adopted a prudent and disciplined treasury strategy. Leveraging improved operating cash flows, largely driven by enhanced sales performance, we strategically allocated idle funds into interest-bearing deposits and low-risk financial instruments. This approach enabled us to optimize returns on surplus cash while preserving operational flexibility. The increase in interest income reflects our Group's commitment to financial efficiency and effective capital utilization. Between the six months ended June 30, 2024 and 2025, there was decline in interest income, which mainly attributable to our strategic redeployment of a portion of surplus funds to support business expansion and operational investments. Additionally, the interest rate environment has become less favourable, with deposit rates trending downward compared to the elevated levels seen in 2023. The timing effect that boosted 2024 interest income (namely, the settlement of USD-denominated deposits placed in 2023) will not recur in 2025, further contributing to the expected decrease.

*Notes:*

1. In addition to the government subsidies received in relation to the acquisition and/or construction of property, plant, and equipment, we also received unconditional government grants for supporting our operation. In 2024, we received an investment subsidy of RMB15 million upon the funds are in place from the Commission of China-Singapore Jiashan Modern Industrial Park for our local operation.
2. Primarily include rental income.

## FINANCIAL INFORMATION

### Other gains/(loss), net

In 2022, 2023, and 2024, and the six months ended June 30, 2025, our other gains, net amounted to RMB34.8 million, RMB31.1 million, RMB24.5 million, and RMB14.0 million, respectively. Our other gains, net mainly consist of foreign exchange gains, primarily attributable to fluctuations in foreign exchange rates. In 2022, 2023, and 2024, and the six months ended June 30, 2025, we recorded exchange gains, net of RMB35.0 million, RMB31.8 million, RMB14.4 million, and RMB13.7 million, respectively, mainly as a result of the fluctuation of USD and JPY. The following table sets forth a breakdown of our other gains, net for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Una dated)</i>	
Exchange gains/(loss), net . . . .	35,010	31,790	14,436	(10,142)	13,652
Gain on disposal of subsidiary <sup>(1)</sup> . . . . .	–	–	6,281	–	–
Others . . . . .	(234)	(657)	3,741	3,051	313
<b>Total</b> . . . . .	<b><u>34,776</u></b>	<b><u>31,133</u></b>	<b><u>24,458</u></b>	<b><u>(7,091)</u></b>	<b><u>13,965</u></b>

*Note:*

- In August 2024, we had sold Cambridge Photonics Technologies Inc. (“CPT”) to Hamilton Technologies Inc., a Delaware-based company and an Independent Third Party, (“Hamilton”), at a consideration of USD0.88 million (the “Transaction”). Prior to the transaction, Hamilton and our Group entered into commercial negotiations to form a business relationship which would involve, among others, the licensing of the IP in relation to some of our photonics products, and we would sell such products to them. As a result of this negotiation, both parties agreed that we will set up CPT as a special purpose vehicle to which the relevant IP has been licensed for an undefined term while we will still own the IP rights, and Hamilton will acquire CPT as a means to obtain the license concerned, and Hamilton has become one of our customers. Our Directors confirm that, immediately prior to the Transaction, CPT was solvent and did not have any material operations or assets except for the said license to the IP rights, and did not have any material non-compliance with relevant laws and regulations or any material litigation during the Track Record Period. Following the Transaction and up to the Latest Practicable Date, the IP licensing agreements between CPT and us remained in force.

## FINANCIAL INFORMATION

### Research and development expenses

Our research and development expenses mainly consist of (i) staff costs related to our R&D personnel; (ii) depreciation and amortization expenses; (iii) service fees related to R&D services provided by independent third parties; and (iv) material costs. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Una dited)</i>									
Staff costs . . . . .	144,733	53.5	141,976	51.5	164,617	51.4	76,949	51.6	84,527	52.6
Depreciation and amortization expenses . . . . .	87,338	32.3	98,805	35.8	112,167	35.0	53,176	35.7	60,649	37.7
Service fees . . . . .	17,951	6.7	16,254	5.9	21,752	6.8	9,370	6.3	8,278	5.1
Material costs . . . . .	12,516	4.6	6,755	2.4	10,642	3.3	5,052	3.4	4,969	3.1
Other expenses . . . . .	7,838	2.9	12,009	4.4	11,190	3.5	4,458	3.0	2,362	1.5
<b>Total . . . . .</b>	<b><u>270,376</u></b>	<b><u>100.0</u></b>	<b><u>275,799</u></b>	<b><u>100.0</u></b>	<b><u>320,368</u></b>	<b><u>100.0</u></b>	<b><u>149,005</u></b>	<b><u>100.0</u></b>	<b><u>160,785</u></b>	<b><u>100.0</u></b>

During the Track Record Period, our R&D service fees, primarily consisted of outsourced R&D personnel service fees paid to (i) a company established in the United States that specializes in providing outsourced research and development staffing services, offering technical personnel to support client innovation and engineering teams; and (ii) a company based in the United States that focuses on the development and sales of wireless communication products, such as technologies such as Wi-Fi, Bluetooth, and IoT solutions, and is involved in both R&D and commercialization of its offerings. As and when specific skillset or technical know-how is needed for specific R&D projects, our R&D team would engage R&D outsourced personnel services from the said companies. We provide our requests for types of personnel to such service providers and the service providers will provide us with outsourced personnel to work on-site with our R&D team. When the R&D projects complete, the outsource arrangement ends and the outsourced personnel will no longer work with us. We pay service fee to the service providers and are not responsible for any salary or benefit of the outsourced personnel. Such fees declined from RMB18.0 million in 2022 to RMB16.3 million in 2023, increased to RMB21.8 million in 2024, and declined from RMB9.4 million to RMB8.3 million between the six months ended June 30, 2024 and 2025. Our Directors confirm that these fluctuations were not directly correlated with our overall revenue or internal R&D spending levels. Instead, they reflected the specific nature and timing of R&D work that required external support during each respective year.

## FINANCIAL INFORMATION

### Selling and marketing expenses

Our selling and marketing expenses mainly consist of (i) staff costs related to our sales and marketing personnel; (ii) office expenses; (iii) travel expenses; (iv) maintenance expenses; (v) service fees related to industrial association membership; and (vi) business development expenses. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our selling and marketing expenses amounted to RMB58.1 million, RMB70.5 million, RMB90.1 million, and RMB52.0 million, respectively. The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Una dited)</i>									
Staff costs . . . . .	42,512	73.2	51,672	73.3	62,994	69.9	29,201	67.7	35,135	67.5
Office expenses . . . . .	3,894	6.7	5,011	7.1	9,015	10.0	4,072	9.4	5,554	10.7
Travel expenses . . . . .	1,198	2.1	4,000	5.7	4,722	5.3	2,431	5.6	2,996	5.8
Maintenance expenses . .	1,695	2.9	1,492	2.1	2,950	3.3	1,610	3.7	2,471	4.7
Service fees . . . . .	1,423	2.4	2,121	3.0	2,156	2.4	1,996	4.6	1,165	2.2
Business development expenses . . . . .	1,642	2.8	1,795	2.6	2,103	2.3	850	2.0	1,006	1.9
Other expenses <sup>(1)</sup> . . . . .	5,742	9.9	4,393	6.2	6,125	6.8	2,984	7.0	3,715	7.2
<b>Total . . . . .</b>	<b>58,106</b>	<b>100.0</b>	<b>70,484</b>	<b>100.0</b>	<b>90,065</b>	<b>100.0</b>	<b>43,144</b>	<b>100.0</b>	<b>52,042</b>	<b>100.0</b>

Note:

- Primarily included insurance expenses, sampling fees, and other miscellaneous expenses.

### General and administrative expenses

Our general and administrative expenses mainly consist of (i) staff costs; (ii) depreciation and amortization expenses; (iii) professional service fees for consulting services mostly for the purposes of acquiring market consulting services and insights into the latest market trends and developments in order to support our strategic decision-making and commercial planning; (iv) share-based payment; (v) office expenses; and (vi) travel expenses. In 2022, 2023 and 2024, and the six months ended June 30, 2025, our general and administrative expenses amounted to

## FINANCIAL INFORMATION

RMB206.3 million, RMB217.5 million, RMB208.3 million, and RMB111.2 million, respectively. The following table sets forth a breakdown of our general and administrative expenses for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Undated)</i>									
Staff costs . . . . .	76,359	37.0	75,606	34.8	85,090	40.9	38,375	37.2	46,982	42.3
Depreciation and amortization expenses . . . . .	63,509	30.8	67,675	31.1	54,236	26.0	31,222	30.3	28,029	25.2
Professional service fees . . . . .	13,247	6.4	9,989	4.6	22,106	10.6	7,992	7.7	12,782	11.5
Share-based payment . . . . .	20,596	10.0	35,027	16.1	12,034	5.8	5,042	4.9	3,499	3.1
Office expenses . . . . .	7,164	3.5	7,331	3.4	7,602	3.7	3,024	2.9	3,695	3.3
Travel expenses . . . . .	2,357	1.1	3,117	1.4	4,067	2.0	1,258	1.2	2,733	2.5
Other expenses <sup>(1)</sup> . . . . .	23,039	11.2	18,743	8.6	23,124	11.0	16,321	15.8	13,479	12.1
<b>Total . . . . .</b>	<b>206,271</b>	<b>100.0</b>	<b>217,488</b>	<b>100.0</b>	<b>208,259</b>	<b>100.0</b>	<b>103,234</b>	<b>100.0</b>	<b>111,199</b>	<b>100.0</b>

*Note:*

- Primarily included fees related to software services, lease expense, insurance, and other miscellaneous expenses.

During the Track Record Period, our professional service fees declined from RMB13.2 million in 2022 to RMB10.0 million in 2023, and increased to RMB22.1 million in 2024. Whilst the fees remained relatively stable in 2022 and 2023, the increase in 2024 was attributed to our strategic decision to increase our sales efforts in overseas markets. For the six months ended June 30, 2024 and 2025, such fees increased from RMB8.0 million to RMB12.8 million, for similar reasons.

### Reversal/(Provision) of expected credit loss, net

We make provisions for, or reversal of expected credit loss on trade and other receivables based on the expected credit losses of our trade and bills receivables, deposits and other receivables, in accordance with the relevant accounting policies. Please refer to Note 2.10 of the Accountants' Report in Appendix I to this Prospectus. We recorded reversal of expected credit loss of RMB27.8 million and RMB4.7 million in 2022 and 2023, respectively, and provision for expected credit loss of RMB1.4 million in 2024, and RMB5.6 million for the six months ended June 30, 2025.

---

## FINANCIAL INFORMATION

---

### **Finance costs**

Our finance costs mainly consist of (i) interest on bank borrowings; (ii) interests on other borrowings; and (iii) interests on lease liabilities. In 2022, 2023, and 2024, and the six months ended June 30, 2025, our finance costs amounted to RMB57.9 million, RMB61.1 million, RMB52.9 million, and RMB24.3 million, respectively.

### **Income tax (expense)/credit**

Our income tax expenses/credits mainly represented the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses. We recorded income tax expense of RMB7.4 million in 2022 and RMB1.6 million for the six months ended June 30, 2025, and income tax credit of RMB1.1 million and RMB3.6 million in 2023 and 2024, respectively. 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. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period, our effective tax rate was (4.1%), 1.1%, 2.2% and (1.3%), respectively, which was mainly due to the preferential tax policy in the PRC, under which 200% of eligible R&D expenditures incurred by PRC entities are tax-deductible. The following set forth our principal applicable taxes and tax rates:

#### ***PRC***

We are subject to EIT Law of the PRC and our income tax expense is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period. Our Company was accredited as a high and new technology enterprise (“HNTe”) and was entitled to a preferential tax rate of 15% for the qualified period. The HNTe certificate needs to be renewed every three years to enjoy the preferential EIT rate. In addition, PRC companies engaging in research and development activities are entitled to claim 200% of their R&D expenses so incurred as tax deductible expenses when determining their assessable profits for the relevant year according to the applicable laws and regulations in the PRC.

#### ***United States***

Our subsidiaries in the United States are subject to income tax rates between 4% and 8.99% at the state level, and 21% at the federal level, during the Track Record Period.

#### ***Japan***

Our subsidiary in Japan is subject to corporate income tax include national corporate income tax, inhabitants tax and enterprise tax, which are calculated on the estimated assessable profit for the year/period. During the Track Record Period, the aggregated rates of national corporate income tax, inhabitants tax, and enterprise tax resulted in statutory income tax rates of 35%.

---

## FINANCIAL INFORMATION

---

### *Hong Kong*

During the Track Record Period, no Hong Kong profit tax has been provided as our Group has no assessable profit during the Track Record Period.

### *Germany*

Germany taxes its corporate residents on their worldwide income. Corporation tax is levied at a uniform rate of 15% and is subject to a surcharge (solidarity surcharge). This results in a total tax rate of 19%.

### *Malaysia*

During the Track Record Period, our subsidiary in Malaysia did not have any operations nor was it involved in the business transactions with our co-location partner in Malaysia. Hence, our subsidiary in Malaysia did not generate any income. Therefore, our Group did not have any tax exposure in Malaysia.

### **Profit for the period**

In light of the above, our profit for the period amounted to RMB171.1 million, RMB95.0 million, RMB167.0 million, and RMB117.5 million, respectively, at a net profit margin of 4.5%, 3.1%, 4.6%, and 5.8% in 2022, 2023, and 2024, and the six months ended June 30, 2025, respectively.

## **PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS**

### *Revenue*

Our revenue increased by RMB272.6 million, or by 15.5%, from RMB1,761.4 million for the six months ended June 30, 2024 to RMB2,034.0 million for the six months ended June 30, 2025. This was primarily due to increases in the revenue from the sales of our broadband and photonics products.

- Our revenue from broadband products increased by RMB216.9 million, or by 22.2%, from RMB975.7 million for the six months ended June 30, 2024 to RMB1,192.6 million for the six months ended June 30, 2025, which was in line with the corresponding increase in sales volume from 5.1 million units to 5.3 million units.
- Our revenue from wireless products decreased by RMB136.0 million, or by 24.7%, from RMB551.2 million for the six months ended June 30, 2024 to RMB415.2 million for the six months ended June 30, 2025, which was in line with the corresponding decrease in sales volume from 1.2 million units to 0.9 million units.

---

## FINANCIAL INFORMATION

---

- Our revenue from photonics products increased by RMB192.2 million, or by 95.1%, from RMB202.0 million for the six months ended June 30, 2024 to RMB394.2 million for the six months ended June 30, 2025, which was in line with the corresponding increase in sales volume from 120.1 million units to 247.0 million units.

### *Co of ale*

Our cost of sales increased by RMB211.2 million, or by 15.3%, from RMB1,378.2 million for the six months ended June 30, 2024 to RMB1,589.4 million for the six months ended June 30, 2025. This was mainly in line with the increase in revenue.

### *G o ofi and g o ofi ma gin*

Our gross profit increased by RMB61.4 million, or by 16.0%, from RMB383.2 million for the six months ended June 30, 2024 to RMB444.6 million for the six months ended June 30, 2025. This was primarily due to the growth in revenue. Similarly, our gross profit margin remained relatively stable at 21.8% and 21.9% respectively.

- Our gross profit from broadband products increased by RMB29.7 million, or by 14.9%, from RMB199.6 million for the six months ended June 30, 2024 to RMB229.3 million for the six months ended June 30, 2025, which was in line with the corresponding increase in our revenue generated from broadband products. For the same periods, our gross profit margin from broadband products remained relatively stable at 20.5% and 19.2% respectively.
- Our gross profit from wireless products decreased by RMB58.7 million, or by 40.9%, from RMB143.6 million for the six months ended June 30, 2024 to RMB84.9 million for the six months ended June 30, 2025. Our gross profit margin from wireless products dropped from 26.1% to 20.5% as we were in the process of transition certain wireless products from a previous generation, which used to have higher gross profit margins. During the lead-up to the launch of the new generation, customers tended to defer purchases of existing wireless products in anticipation of the new release. As a result of such transition, we sold fewer of these products that used to have a higher gross profit margin, whilst the next generation of such products had not been launched to the market.
- Our gross profit from photonics products increased by RMB87.8 million, or by 220.6%, from RMB39.8 million for the six months ended June 30, 2024 to RMB127.6 million for the six months ended June 30, 2025. Our gross profit margin from photonics products increased from 19.7% to 32.4%. This improvement in the gross profit and gross profit margin for our photonics products in 2025 was primarily attributable to completion of the product iteration process, and the market acceptance and large-scale commercialization of our 800G products. These products carried improved margins, contributing to an increase in both our gross profit and gross profit margins for the period.

---

## FINANCIAL INFORMATION

---

### *Other income, net*

Our other income, net decreased by RMB24.5 million, or by 63.0%, from RMB38.9 million for the six months ended June 30, 2024 to RMB14.4 million for the six months ended June 30, 2025. This was mainly due to a one-off government investment subsidy for our Shanghai No. 2 facility which we received in the six months ended June 30, 2024 upon the investment funds are in place.

### *Other gain/(loss), net*

Our other gains/(loss), net increased by RMB21.1 million, from a loss of RMB7.1 million for the six months ended June 30, 2024 to a gain of RMB14.0 million for the six months ended June 30, 2025. This was primarily due to favorable exchange rate movements and the absence of one-off losses recorded in the prior period, and a disposal of assets in 2024.

### *Research and development expenses*

Our research and development expenses increased by RMB11.8 million, or by 7.9%, from RMB149.0 million for the six months ended June 30, 2024 to RMB160.8 million for the six months ended June 30, 2025. This was mainly due to an increase number of research and development staff members.

### *Selling and marketing expenses*

Our selling and marketing expenses increased by RMB8.9 million, or by 20.6%, from RMB43.1 million for the six months ended June 30, 2024 to RMB52.0 million for the six months ended June 30, 2025. This was primarily due to an increased number of selling and marketing staff members.

### *General and administrative expenses*

Our general and administrative expenses increased by RMB8.0 million, or by 7.8%, from RMB103.2 million for the six months ended June 30, 2024 to RMB111.2 million for the six months ended June 30, 2025. This was mainly due to an increased number of general and administrative staff members.

### *Provision for expected credit losses*

Our provision for expected credit losses increased by RMB1.3 million, or by 30.2%, from RMB4.3 million for the six months ended June 30, 2024 to RMB5.6 million for the six months ended June 30, 2025. This was mainly due to an increase in trade receivables.

---

## FINANCIAL INFORMATION

---

### *Finance co*

Our finance costs decreased by RMB7.8 million, or by 24.3%, from RMB32.1 million for the six months ended June 30, 2024 to RMB24.3 million for the six months ended June 30, 2025. This was mainly due to reduced interest rates.

### *Income a (e en e)/c edi*

Our income tax position changed from a credit of RMB1.4 million for the six months ended June 30, 2024 to an expense of RMB1.6 million for the six months ended June 30, 2025. This was mainly due to higher taxable profits in the current period.

### *P ofi fo he e iod*

For the above reasons, our profit for the period increased by RMB32.9 million, or by 38.9%, from RMB84.6 million for the six months ended June 30, 2024 to RMB117.5 million for the six months ended June 30, 2025, and we have achieved a net profit margin of 4.8% and 5.8%, respectively.

### **Year ended December 31, 2024 compared to the year ended December 31, 2023**

### *Re en e*

Our revenue increased by RMB564.5 million or by 18.3% from RMB3,085.4 million in 2023 to RMB3,649.9 million in 2024, primarily due to the increase in revenue from all of our three major products, driven by the increase in their corresponding sales volume.

- Our revenue from broadband products increased by RMB205.6 million or by 11.3% from RMB1,827.1 million in 2023 to RMB2,032.7 million in 2024, primarily due to the increase in sales volume of broadband products from 7.6 million units to 9.6 million units, driven by the increased customers' demand of our broadband products, particularly our 10GPON products. Nevertheless, the ASP of broadband products decreased from RMB241.7 to RMB212.2.
- Our revenue from wireless products increased by RMB333.9 million or by 46.5% from RMB718.5 million in 2023 to RMB1,052.4 million in 2024, primarily due to the increased sales volume of wireless products from 1.2 million units to 2.6 million units, as a result of our continual product upgrade and iteration, particularly our high-end Wi-Fi 6E products. Nevertheless, the ASP of wireless products decreased from RMB588.9 to RMB409.5.

---

## FINANCIAL INFORMATION

---

- Our revenue from photonics products increased by RMB44.8 million or by 10.0% from RMB446.7 million in 2023 to RMB491.5 million in 2024, primarily due to the increased sales volume of high-priced products, i.e. 400G and 800G products, driven by our enhanced marketing efforts. During the same period, the ASP of photonics products increased from RMB 761.0 to RMB1,380.7.

### *Co of ale*

Our cost of sales increased by RMB466.3 million or by 19.3% from RMB2,421.3 million in 2023 to RMB2,887.6 million in 2024, which was generally in line with the increase in the sales of our products, and in our revenue during the year.

### *G o ofi and g o ofi ma gin*

Our gross profit increased by RMB98.1 million or by 14.8% from RMB664.1 million in 2023 to RMB762.2 million in 2024, primarily due to the increase in the gross profit for our wireless products. Our gross profit margin decreased from 21.5% to 20.9%, primarily due to the decrease in gross profit margin of broadband products and photonic products, partially offset by an increase in gross profit margin of wireless products.

- Our gross profit of broadband products increased by RMB21.4 million or by 6.0% from RMB356.4 million in 2023 to RMB377.8 million in 2024, primarily due to the increase in revenue from broadband products. Our gross profit margin for broadband products remained relatively stable at 19.5% in 2023 compared to 18.6% in 2024.
- Our gross profit of wireless products increased by RMB94.1 million or by 57.0% from RMB165.0 million in 2023 to RMB259.1 million in 2024, primarily due to the increase in revenue from wireless products. Our gross profit margin for wireless products remained relatively stable at 23.0% in 2023 and 24.6% in 2024.
- Our gross profit of photonics products decreased by RMB11.1 million or by 8.5% from RMB130.2 million in 2023 to RMB119.1 million in 2024 and our gross profit margin for photonics products decreased from 29.1% in 2023 to 24.2% in 2024, primarily due to strategic changes to the Company's product mix with products of lower gross profit margins continuing to represent a significant share for the purpose of enhancing market share and capturing growth opportunities. Specifically, the sales volume for higher-margin products decreased, resulting in a less favorable sales mix and a corresponding reduction in our overall gross profit margin.

Based on our business models,

- Our gross profit from our JDM customers increased by RMB61.9 million or by 20.7% from RMB298.6 million in 2023 to RMB360.6 million in 2024, which was because of the increased sales for higher-end products from our JDM customers.

---

## FINANCIAL INFORMATION

---

- Our gross profit from our ODM customers increased by RMB36.2 million or by 9.9% from RMB365.5 million in 2023 to RMB401.7 million in 2024, which was because of the relatively lower costs incurred in the procurement of raw materials, as compared to the peak of 2022.

### *Other income, net*

Our other income, net increased by RMB30.8 million or by 163.0% from RMB18.9 million in 2023 to RMB49.7 million in 2024, primarily due to increases in (i) government subsidies; and (ii) interest income.

### *Other gain, net*

Our other gains, net decreased by RMB6.6 million or by 21.2% from RMB31.1 million in 2023 to RMB24.5 million in 2024, primarily due to the decrease in net foreign exchange gains which is primarily attributable to fluctuations in foreign exchange rates, especially in USD and JPY.

### *Research and development expenses*

Our research and development expenses increased by RMB44.6 million or by 16.2% from RMB275.8 million in 2023 to RMB320.4 million in 2024, primarily due to increases in (i) staff costs as a result of the increase in the number of our R&D personnel; and (ii) depreciation and amortization expenses in connection with R&D activities.

### *Selling and marketing expenses*

Our selling and marketing expenses increased by RMB19.6 million or by 27.8% from RMB70.5 million in 2023 to RMB90.1 million in 2024, primarily due to the increase in staff costs as a result of the increase in the number of our sales and marketing personnel.

### *General and administrative expenses*

Our general and administrative expenses decreased by RMB9.2 million or by 4.2% from RMB217.5 million in 2023 to RMB208.3 million in 2024, primarily due to the decrease in share-based payment.

### *Finance costs*

Our finance costs decreased by RMB8.2 million or by 13.4% from RMB61.1 million in 2023 to RMB52.9 million in 2024, primarily due to the decrease in interests on bank borrowings as a result of the decrease in the outstanding amount of our bank loans.

---

## FINANCIAL INFORMATION

---

### *Income tax credit*

Our income tax credit increased by RMB2.5 million from RMB1.1 million in 2023 to RMB3.6 million in 2024.

### *Profit for the year*

As a result of the foregoing, our profit for the year increased by RMB72.0 million or by 75.8% from RMB95.0 million in 2023 to RMB167.0 million in 2024.

### **Year ended December 31, 2023 compared to the year ended December 31, 2022**

### *Revenue*

In 2023, with gradual post-pandemic recovery of global economy, the industry was still in the process of consumption of the inventories accumulated during the pandemic, which in turn resulted in a postponed demand for our products. Our revenue decreased by RMB698.3 million, or by 18.5%, from RMB3,783.7 million in 2022 to RMB3,085.4 million in 2023. In particular, our revenue from broadband products decreased by RMB232.2 million or by 11.3% from RMB2,059.3 million in 2022 to RMB1,827.1 million in 2023. Our revenue from wireless products decreased by RMB337.6 million, or by 32.0%, from RMB1,056.1 million in 2022 to RMB718.5 million in 2023. Our revenue from photonics products decreased by RMB31.5 million, or by 6.6%, from RMB478.2 million in 2022 to RMB446.7 million in 2023. In terms of sales volume, those of our broadband products decreased from 10.2 million units to 7.6 million units, the sales volume of our wireless products decreased from 2.0 million units to 1.2 million units, and the sales volume of our photonics products decreased from 0.9 million to 0.6 million. In terms of ASP, those of our broadband products increased from RMB202.5 to RMB241.7, the ASP of our wireless products increased from RMB523.3 to RMB588.9, and the ASP of our photonics products from RMB537.3 to RMB761.0, respectively.

### *Cost of sales*

Our cost of sales decreased by RMB673.8 million, or by 21.8%, from RMB3,095.1 million in 2022 to RMB2,421.3 million in 2023, primarily as a result of the decrease in sales of our products. The decrease in cost of sales was generally in line with the decrease in our revenue during the same year.

### *Gross profit and gross margin*

Our gross profit decreased by RMB24.5 million, or by 3.6%, from RMB688.6 million in 2022 to RMB664.1 million in 2023, primarily due to the decrease gross profit of wireless products and photonics products as a result of decrease in revenue from these products, partially offset by the increase in gross profit of broadband products as a result of the decreased

---

## FINANCIAL INFORMATION

---

costs for broadband products. Our gross profit margin increased from 18.2% to 21.5%, primarily due to the increases in gross profit margin of all of broadband products, wireless products and photonics products.

- Our gross profit of broadband products increased by RMB49.8 million, or by 16.2%, from RMB306.6 million in 2022 to RMB356.4 million in 2023, primarily due to the decrease of costs for key component of our broadband products despite the decrease in the revenue from broadband products. Our gross profit margin of broadband products increased from 14.9% to 19.5%, primarily due to increased cost efficiency, in particular for certain key components.
- Our gross profit of wireless products decreased by RMB45.6 million, or by 21.7%, from RMB210.6 million in 2022 to RMB165.0 million in 2023, primarily due to the decrease in revenue from our wireless products. Our gross profit margin for wireless products increased from 19.9% to 23.0%, primarily due to increased cost efficiency.
- Our gross profit of photonics products slightly decreased from RMB131.9 million in 2022 to RMB130.2 million in 2023. Our gross profit for photonics products increased from 27.6% to 29.1%, primarily due to increased cost efficiency.

Based on our business models,

- Our gross profit from our JDM customers decreased by RMB94.7 million, or by 24.1%, from RMB393.3 million in 2022 to RMB298.6 million in 2023, which was due to the increased raw material costs.
- Our gross profit from our ODM customers increased by RMB70.2 million, or by 23.8%, from RMB295.3 million in 2022 to RMB365.5 million in 2023, as we were able to negotiate more favorable prices on certain raw materials, as a result to an increased pool of comparable suppliers, in order to maintain our costs at a relatively lower level.

### *Other income, net*

Our other income, net decreased by RMB1.1 million, or by 5.5%, from RMB20.0 million in 2022 to RMB18.9 million in 2023, primarily due to the decrease in government subsidies, partially offset by the increase in interest income.

### *Other gain, net*

Our other gains, net decreased by RMB3.7 million, or by 10.6%, from RMB34.8 million in 2022 to RMB31.1 million in 2023, primarily due to the decrease in foreign exchange gains, net, which is primarily attributable to fluctuations in foreign exchange rates.

---

## FINANCIAL INFORMATION

---

### *Research and development expense*

Our research and development expenses increased by RMB5.4 million, or by 2.0%, from RMB270.4 million in 2022 to RMB275.8 million in 2023, primarily due to the increase in depreciation and amortization expenses, partially offset by the decreases in (i) staff costs and (ii) material costs related to R&D activities.

### *Selling and marketing expense*

Our selling and marketing expenses increased by RMB12.4 million, or by 21.3%, from RMB58.1 million in 2022 to RMB70.5 million in 2023, primarily due to the increase in staff costs as a result of the increase in the number of our sales and marketing personnel.

### *General and administrative expense*

Our general and administrative expenses increased by RMB11.2 million, or by 5.4%, from RMB206.3 million in 2022 to RMB217.5 million in 2023, primarily due to the increase in share-based payment.

### *Finance cost*

Our finance costs increased by RMB3.2 million, or by 5.5%, from RMB57.9 million in 2022 to RMB61.1 million in 2023, primarily due to the increase in interests on bank borrowings as a result of the increase in the outstanding amount of our bank borrowings.

### *Income tax (expense)/credit*

We recorded an income tax expense of RMB7.4 million in 2022 and an income tax credit of RMB1.1 million in 2023.

### *Profit before tax*

As a result of the foregoing, our profit for the year decreased by RMB76.1 million or by 44.5% from RMB171.1 million in 2022 to RMB95.0 million in 2023.

## FINANCIAL INFORMATION

### DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

#### Non-current assets and non-current liabilities

The following table sets forth the components of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2025</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	612,417	525,089	655,566	957,242
Right-of-use assets . . . . .	79,315	181,312	148,705	138,857
Prepaid lease payments . . . . .	–	35,506	34,795	34,439
Goodwill . . . . .	98,969	98,969	98,969	98,969
Intangible assets . . . . .	579,417	591,424	543,698	547,692
Other financial assets . . . . .	4,560	14,560	14,560	14,560
Deposits for acquisition of property, plant and equipment, and intangible assets . . . . .	384	3,035	26,902	36,301
Deferred tax assets . . . . .	30,216	31,137	32,448	32,265
	<b><u>1,405,278</u></b>	<b><u>1,481,032</u></b>	<b><u>1,555,643</u></b>	<b><u>1,860,325</u></b>
<b>Non-current liabilities</b>				
Bank borrowings . . . . .	–	–	91,900	78,000
Other borrowings . . . . .	93,881	–	–	–
Lease liabilities . . . . .	36,999	145,887	135,938	126,320
Deferred income . . . . .	30,281	29,622	42,513	35,142
Deferred tax liabilities . . . . .	35,024	34,305	28,470	26,971
	<b><u>196,185</u></b>	<b><u>209,814</u></b>	<b><u>298,821</u></b>	<b><u>266,433</u></b>

## FINANCIAL INFORMATION

### Property, plant, and equipment

Our property, plant, and equipment primarily consists of (i) buildings; (ii) machinery and equipment; (iii) computer equipment; (iv) leasehold improvements; (v) motor vehicles; (vi) office equipment; and (vii) construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings . . . . .	55,934	51,305	46,676	249,494
Machinery and equipment . . .	464,503	429,436	367,672	364,604
Computer equipment . . . . .	8,266	6,670	5,046	6,396
Leasehold improvements . . . .	24,483	13,213	4,969	2,588
Motor vehicles. . . . .	59	54	1,110	493
Office equipment. . . . .	1,264	486	2,726	2,633
Construction in progress . . . .	57,908	23,925	227,367	331,034
<b>Total . . . . .</b>	<b><u>612,417</u></b>	<b><u>525,089</u></b>	<b><u>655,566</u></b>	<b><u>957,242</u></b>

Our property, plant and equipment decreased by RMB87.3 million from RMB612.4 million as of December 31, 2022 to RMB525.1 million as of December 31, 2023, primarily due to the depreciation of machinery and equipment, leasehold improvements. Our property, plant and equipment increased by RMB130.5 million to RMB655.6 million as of December 31, 2024, and the RMB957.2 million as of June 30, 2025, primarily due to the increase in construction in progress as a result of construction of our second in-house facility in Jiashan, near Shanghai.

### Intangible assets

Our intangible assets primarily consist of (i) patent; (ii) software; and (iii) deferred development cost. Our deferred development cost represents our capitalized R&D projects. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Patent . . . . .	29,155	19,437	9,718	4,859
Software . . . . .	80,042	64,300	51,001	44,117
Deferred development cost . .	470,220	507,687	482,979	498,716
<b>Total . . . . .</b>	<b><u>579,417</u></b>	<b><u>591,424</u></b>	<b><u>543,698</u></b>	<b><u>547,692</u></b>

## FINANCIAL INFORMATION

Our intangible assets increased by RMB12.0 million from RMB579.4 million as of December 31, 2022 to RMB591.4 million as of December 31, 2023, primarily due to the increase in deferred development cost in respect of R&D activities, partially offset by the amortization of software. Our intangible assets decreased by RMB47.7 million from RMB591.4 million as of December 31, 2023 to RMB543.7 million as of December 31, 2024, and RMB547.7 million as of June 30, 2025, primarily due to the amortization of deferred development cost and software.

Our Directors confirm that certain intangible assets were not yet available for use. These intangible assets primarily consist of deferred development costs arising from research and development projects that had not yet reached completion. As such, they are not subject to amortisation. As of December 31, 2022, 2023, and 2024, and June 30, 2025, the carrying amounts of these deferred development costs not yet available for use were RMB256.6 million, RMB286.5 million, and RMB133.1 million, and RMB143.1 million, respectively. Our Company has carried out an impairment review of the carrying amounts of intangible assets not yet available for use as of December 31, 2022, 2023 and 2024 and no provision for impairment has been made.

The recoverable amounts of the intangible assets not yet available for use are determined based on value in use calculations. The calculation of the recoverable amounts of the intangible assets not yet available for use uses cash flow projections based on the financial estimates on each intangible asset not yet available for use, defined as separate cash-generating unit (“CGU”) made by us, with reference to the timing of commercial operation of the products and the prevailing market conditions. The recoverable amounts of each intangible asset not yet available for use based on the estimated value-in-use calculations was higher than the respective carrying amount as of December 31, 2022, 2023 and 2024, and June 30, 2025. Accordingly, no provision for impairment loss for intangible assets not yet available for use is considered necessary.

The following table sets forth key assumptions on which we have based our cash flow projections to undertake impairment testing of respective intangible assets not yet available for use as of December 31, 2022, 2023 and 2024:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Average annual revenue growth rate . . . . .	10%-50%	10%-330%	0%-330%	18%-97%
	12.92%-	14.14%-	13.24%-	13.32%-
Pre-tax discount rate .	15.09%	15.15%	14.55%	15.50%

---

## FINANCIAL INFORMATION

---

Based on the result of the impairment testing, the proportion of the estimated recoverable amount of the intangible assets not yet available for use exceeded their carrying amount (“**the headroom**”) to their carrying amount was as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	13.29%-	17.28%-	21.86%-	78.36%-
Headroom . . . . .	19.28%	588.00%	228.55%	162.85%

We have performed a sensitivity test by decreasing 5% of expected revenue or increasing 1% of discount rate, with all other key assumptions held constant, the recoverable amount of the intangible assets not yet available for use would have exceeded their carrying amount.

We believe that any reasonable possible change in any of the key assumptions would not cause the carrying amounts of the intangible assets not yet available for use to exceed its recoverable amount. We also concluded that no provision for impairment on the intangible assets not yet available for use has to be recognized as of December 31, 2022, 2023 and 2024, and June 30, 2025.

### **Right-of-use assets**

Our right-of-use assets increased from RMB79.3 million as of December 31, 2022 to RMB181.3 million as of December 31, 2023, primarily due to the renewal of property lease by our subsidiary in the United States. Our right-of-use assets decreased from RMB181.3 million as of December 31, 2023 to RMB148.7 million as of December 31, 2024, and RMB138.9 million as of June 30, 2025, primarily due to depreciation charged during the year.

### **Goodwill**

Our goodwill arises from the acquisition of Actiontec Electronics. Our goodwill remained at RMB99.0 million as of December 31, 2022, 2023, and 2024, and June 30, 2025. Impairment testing for goodwill was conducted for 2022, 2023, and 2024, and June 30, 2025. The assessment was based on cash flow projections derived from historical performance and forward-looking expectations, including anticipated efficiency improvements and new product developments. A total of RMB98.97 million in goodwill was allocated to the respective CGUs of the acquired subsidiaries for the purpose of impairment testing. We engaged an independent external valuer to assess the recoverable amounts of the goodwill as of December 31, 2022, 2023 and 2024, and June 30, 2025. The recoverable amount of the CGUs is determined based on value in use calculations based on five-year financial budgets. We did not assume any growth to the cash flows subsequent to the five-year period. The following table sets forth each

## FINANCIAL INFORMATION

key assumptions of CGUs on which management has based its cash flow projections to undertake impairment testing of goodwill:

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Revenue annual growth rate during the forecast period <sup>(1)</sup> . . . .	(11.63%)- 14.01%	0%- 14.01%	0%- 73.30%	0%- 21.91%
Pre-tax discount rate . . . .	17.88%	18.97%	19.83%	18.04%

*Note:*

- In preparation of impairment assessment as of December 31, 2022, management considered the major customers has still in the process of consumption of the inventories accumulated during the pandemic, negative revenue annual growth rate adopted for the expected revenue generated during the year ended December 31, 2023.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount by RMB5,691,000, RMB30,468,000, RMB449,311,000, and RMB456,989,000, respectively.

### *Key assumptions for value in use calculation*

Assumptions used in the value-in-use calculations for CGUs during the Track Record Period were based on a combination of internal and external factors that influence projected revenue growth and discount rates. These assumptions underpin the cash flow projections used by management to assess goodwill impairment. The key assumptions applied in the value-in-use assessments are described below and reflect management's expectations regarding operational performance, market conditions, and strategic developments:

- Annual growth rates of revenue:* The basis used to determine revenue annual growth rates is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected product and market development. The expected revenue annual growth rates increased significantly is mainly due to new products development.
- Pre-tax discount rates:* The cash flow projections are discounted using pre-tax discount rate of 17.88%, 18.97%, 19.83%, and 18.04% as of December 31, 2022, 2023, and 2024, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

## FINANCIAL INFORMATION

### *Sensitivity analysis*

We have performed a sensitivity test by decreasing 2% of revenue annual growth rates or increasing 1% of discount rate, with all other key assumptions held constant. The impacts on the amount by which CGU's recoverable amount exceed its carrying amount are as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue annual growth rates decreased by 2% . . . . .	(4,918)	(7,024)	(29,683)	(33,272)
Pre-tax discount rate increased by 1% . . . . .	(3,630)	(4,918)	(21,359)	(22,370)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom – decreasing revenue annual growth rates by 2% . . . . .	773	23,444	419,628	423,717
Headroom – increasing pre-tax discount rate by 1% . . . . .	2,061	25,550	427,952	434,619

Based on the headroom of the impairment assessment for the Track Record Period, we believe that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivity analyses are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Considering there was still sufficient headroom based on the assessment, we believe there was no impairment for the goodwill as of December 31, 2022, 2023, and 2024, and June 30, 2025.

Based on the results of the abovementioned assessments as conducted by our management and the independent external valuer, our Directors conclude that no impairment loss on the aforementioned goodwill is required to be recognised as of December 31, 2022, 2023, and 2024, and June 30, 2025. Please refer to Note 17 of the Accountants' Report in Appendix I to this Prospectus for further details.

## FINANCIAL INFORMATION

### Other financial assets

Our other financial assets mainly comprised financial investment funds. Our other financial assets increased from RMB4.6 million as of December 31, 2022 to RMB14.6 million as of December 31, 2023 and remained at that level as of December 31, 2024, and as of June 30, 2025. This increase was primarily attributable to a strategic investment made by our Company in 2023 in a domestic chip manufacturing enterprise and also one of our suppliers. During the Track Record Period, we had procured a small quantity of chips from the enterprise, with a cumulative purchase amount of RMB12,350. Our Directors confirm that all transactions were conducted on normal commercial terms and at an arm's length basis. As of June 30, 2025, we hold 1.3171% of its total equity interests. The investment reflects our Group's long-term commitment to strengthening upstream semiconductor capabilities and enhancing supply chain resilience. Rather than being driven by short-term financial operations, this increase in other financial assets was the result of a deliberate capital allocation decision aligned with our industrial development strategy. It also demonstrates our Group's proactive approach to supporting key sectors that are critical to our operational ecosystem and national technological advancement.

### Net current assets

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Una dited)</i>
<b>Current assets</b>					
Inventories . . . . .	1,729,540	1,573,454	1,685,544	1,978,295	2,331,606
Trade and bills receivables . . . . .	1,606,878	1,115,577	1,238,116	1,580,191	1,552,094
Deposits, prepayments and other receivables . .	101,287	77,936	130,807	179,049	203,404
Tax recoverable . . . . .	3,980	49,942	51,363	53,321	53,060
Pledged deposits . . . .	35,500	20,000	20,000	20,000	20,000
Cash and cash equivalents . . . . .	354,707	417,977	507,341	588,231	445,918
	<b><u>3,831,892</u></b>	<b><u>3,254,886</u></b>	<b><u>3,633,171</u></b>	<b><u>4,399,087</u></b>	<b><u>4,606,082</u></b>

## FINANCIAL INFORMATION

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Una dited)</i>
<b>Current liabilities</b>					
Trade and bills					
payables . . . . .	1,780,381	864,443	1,234,954	1,594,909	1,662,743
Other payables and					
accruals . . . . .	180,566	137,203	148,472	112,570	115,506
Contract liabilities . . .	11,925	45,391	33,363	24,787	6,540
Bank borrowings . . . .	913,014	1,111,827	991,700	1,696,058	1,981,412
Other borrowings . . . .	175,090	41,609	–	–	–
Lease liabilities . . . . .	44,927	37,670	20,134	21,445	21,628
Income tax payable . . .	9,565	–	381	–	–
	<b><u>3,115,468</u></b>	<b><u>2,238,143</u></b>	<b><u>2,429,004</u></b>	<b><u>3,449,769</u></b>	<b><u>3,787,829</u></b>
<b>Net current assets . . .</b>	<b><u>716,424</u></b>	<b><u>1,016,743</u></b>	<b><u>1,204,167</u></b>	<b><u>949,318</u></b>	<b><u>818,253</u></b>

Our net current assets were at RMB818.3 million as of August 31, 2025.

Our net current assets decreased from RMB1,204.2 million as of December 31, 2024 to RMB949.3 million as of June 30, 2025, primarily due to the increase in our bank borrowing of RMB704.4 million and the increase in our trade and bills payables of RMB360.0 million.

Our net current assets increased from RMB1,016.7 million as of December 31, 2023 to RMB1,204.2 million as of December 31, 2024, primarily due to the increase in our inventories of RMB112.1 million and an increase in our trade and bills receivables of RMB122.5 million. Such increase was partially offset by an increase in trade and bills payables of RMB370.5 million.

Our net current assets increased from RMB716.4 million as of December 31, 2022 to RMB1,016.7 million as of December 31, 2023, primarily due to the decrease in our current liabilities outpacing the decrease in our current assets. The decrease in current assets was mainly due to the decrease in trade and bills receivables of RMB491.3 million. The decrease in current liabilities was mainly due to a decrease of trade and bills payables of RMB916.0 million.

## FINANCIAL INFORMATION

### Inventories

Our inventories primarily consist of (i) raw materials; (ii) work in progress; (iii) finished goods; and (iv) goods in transit. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials . . . . .	1,163,158	995,704	1,054,035	1,309,215
Work in progress . . . . .	391,076	313,073	397,008	458,773
Finished goods . . . . .	207,155	291,369	269,097	206,824
Goods in transit . . . . .	6,254	13,372	9,582	51,030
	<u>1,767,643</u>	<u>1,613,518</u>	<u>1,729,722</u>	<u>2,025,842</u>
Less: Provision for inventories . . . . .	(38,103)	(40,064)	(44,178)	(47,547)
<b>Total . . . . .</b>	<b><u>1,729,540</u></b>	<b><u>1,573,454</u></b>	<b><u>1,685,544</u></b>	<b><u>1,978,295</u></b>

The following table sets forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Raw materials				
– Within 6 months . . . . .	1,040,584	919,354	854,266	1,021,309
– 7 to 12 months . . . . .	98,804	30,487	157,205	219,479
– Over 1 year . . . . .	23,770	45,863	42,564	68,427
<b><i>S b- o a l a o f . e a e n d . . . .</i></b>	<b>1,163,158</b>	<b>995,704</b>	<b>1,054,035</b>	<b>1,309,215</b>
Work in progress				
– Within 6 months . . . . .	343,947	275,049	370,146	398,286
– 7 to 12 months . . . . .	19,448	15,795	12,701	34,893
– Over 1 year . . . . .	27,681	22,229	14,161	25,594
<b><i>S b- o a l a o f . e a e n d . . . .</i></b>	<b>391,076</b>	<b>313,073</b>	<b>397,008</b>	<b>458,773</b>
Finished goods				
– Within 6 months . . . . .	176,035	248,335	242,811	187,018
– 7 to 12 months . . . . .	2,498	3,524	1,763	8,527
– Over 1 year . . . . .	5,131	7,238	24,523	11,279
<b><i>S b- o a l a o f . e a e n d . . . .</i></b>	<b>183,664</b>	<b>259,097</b>	<b>269,097</b>	<b>206,824</b>

## FINANCIAL INFORMATION

	As of December 31,			As of
	2022	2023	2024	June 30,
				2025
Goods in transit				
– Within 6 months . . . . .	29,745	45,645	9,582	51,030
– 7 to 12 months . . . . .	–	–	–	–
– Over 1 year . . . . .	–	–	–	–
<b>S b- o a l a o f e a e n d . . . . .</b>	<b>29,745</b>	<b>45,645</b>	<b>9,582</b>	<b>51,030</b>
Total				
– Within 6 months . . . . .	1,590,311	1,488,383	1,476,805	1,657,643
– 7 to 12 months . . . . .	120,750	49,806	171,669	262,899
– Over 1 year . . . . .	56,582	75,330	81,248	105,300
<b>Total as of year end . . . . .</b>	<b><u>1,767,643</u></b>	<b><u>1,613,519</u></b>	<b><u>1,729,722</u></b>	<b><u>2,025,842</u></b>

During the Track Record Period, the ageing profile of our Group’s inventory remained relatively stable, with the majority of inventory consistently falling within the “within 6 months” category. This structure reflects our operational strategy of maintaining a healthy level of working inventory to support ongoing production and customer delivery schedules. The inventory aged under six months primarily consists of advance stockpiling for customer orders and strategic reserves of key raw materials. These materials are often procured ahead of time to mitigate risks associated with supply chain disruptions, long lead times, or limited production capacity, particularly for critical components such as functional chips. As a result, while there may be minor fluctuations in the absolute values of inventory across different age brackets and years, these changes are largely attributable to timing differences in procurement and production cycles rather than shifts in policy or inefficiencies. The consistency in the ageing profile underscores our Group’s disciplined inventory management practices and our proactive approach to ensuring supply continuity and responsiveness to customer demand.

Our inventories decreased by RMB156.0 million from RMB1,729.5 million as of December 31, 2022 to RMB1,573.5 million as of December 31, 2023, and increased by RMB112.0 million to RMB1,685.5 million as of December 31, 2024, and RMB1,978.3 million as at June 30, 2025, primarily due to the movement in raw materials and work in progress as we proactively manage our inventory level based on the market conditions at the relevant time.

---

## FINANCIAL INFORMATION

---

The following table sets forth our inventory turnover days for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	Inventory turnover days <sup>(1)</sup> . . .	171	246	203

*Note:*

1. Calculated using the average of opening and closing balances of the inventories for such years/periods divided by cost of sales for the relevant years/periods and multiplied by 360/180 days.

During the Track Record Period, our Group’s inventory turnover days fluctuated from 171 days in 2022 to 246 days in 2023, before declining to 203 days in 2024 and 207 days for the six months ended June 30, 2025. These changes were primarily driven by shifts in customer delivery cycles and procurement lead times, which are common across the industry and reflect broader market dynamics. In 2023, the sharp increase in turnover days was largely due to a destocking trend among industry, which led to a significant decline in demand and revenue. This downturn resulted in slower inventory movement and a corresponding rise in turnover days. However, in 2024 and in 2025, as industry demand began to recover and our Group’s revenue improved compared to the previous year, inventory turnover days decreased accordingly. Beyond these market-driven factors, our Group’s internal procurement and inventory strategies also played a role. We proactively build up stock for certain general-purpose materials beyond immediate production forecasts to mitigate supply chain risks. In particular, due to ongoing constraints in the production capacity and delivery timelines of certain functional chips, we have strategically pre-stocked key raw materials. This approach, while necessary for operational continuity, contributed to a higher year-end inventory balance and thus influenced turnover metrics.

Regarding inventory impairment, our Group has implemented a robust and disciplined approach to ensure that sufficient provisions are made for items with low future utilization. As of December 31, 2022, 2023 and 2024, and June 30, 2025, the majority of our inventory was aged under six months, indicating healthy turnover. Inventory aged over one year primarily consisted of strategic reserve materials, which we maintain to ensure supply chain resilience in light of macroeconomic uncertainties. To manage potential impairment risks, our Company conducts quarterly reviews of inventory status, assessing the condition and usage expectations of all stock items. These reviews are supported by regular inventory impairment testing procedures. Based on the outcomes of these evaluations, we make appropriate provisions for inventory write-downs in accordance with accounting standards. This ensures that our financial statements accurately reflect the realizable value of our inventory and that we maintain a prudent buffer against potential obsolescence or underutilization. Through this process, our Group has made sufficient and timely provisions to address any impairment risks associated with slow-moving or excess inventory.

## FINANCIAL INFORMATION

As of August 31, 2025, RMB1,002.8 million or 49.5% of our inventories as of June 30, 2025, had been sold or utilized.

### Trade and bills receivables

Our trade and bills receivables primarily consist of (i) trade receivables, primarily representing receivables due from our customers in respect of purchasing our products, net of ECL allowance and (ii) bills receivable, net of ECL allowance. The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	1,623,429	1,112,223	1,244,428	1,598,872
Less: ECL allowance . . . . .	(17,551)	(12,687)	(14,314)	(18,681)
	<u>1,605,878</u>	<u>1,099,536</u>	<u>1,230,114</u>	<u>1,580,191</u>
Bills receivable . . . . .	1,000	16,196	8,060	–
Less: ECL allowance . . . . .	–	(155)	(58)	–
	<u>1,000</u>	<u>16,041</u>	<u>8,002</u>	<u>–</u>
<b>Total . . . . .</b>	<b><u>1,606,878</u></b>	<b><u>1,115,577</u></b>	<b><u>1,238,116</u></b>	<b><u>1,580,191</u></b>

Our trade and bills receivables decreased by RMB491.3 million from RMB1,606.9 million as of December 31, 2022 to RMB1,115.6 million as of December 31, 2023, primarily due to the decrease in trade receivables as a result of the decrease in sales volume of our products in 2023. Our trade and bills receivables increased by RMB122.5 million to RMB1,238.1 million as of December 31, 2024, and RMB1,580.2 million as of June 30, 2025, primarily due to the sales of our products.

We generally grant credit terms ranging from 30 days to 90 days to our customers. During the Track Record Period, the majority of our trade and bills receivables were outstanding for less than one year. The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year . . . . .	1,597,534	1,112,547	1,228,544	1,568,010
1 to 2 years . . . . .	9,312	3,030	8,876	11,248
2 to 3 years . . . . .	32	–	696	933
<b>Total . . . . .</b>	<b><u>1,606,878</u></b>	<b><u>1,115,577</u></b>	<b><u>1,238,116</u></b>	<b><u>1,580,191</u></b>

---

## FINANCIAL INFORMATION

---

The following table sets forth our trade and bills receivables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Trade and bills receivables turnover days <sup>(1)</sup> . . . . .	144	159	116	125

---

*Note:*

1. Calculated using the average of opening and closing balances of the trade and bills receivables for such years/periods divided by the total revenue for the relevant years/periods and multiplied by 360/180 days.

Our trade and bills receivables turnover days increased from 144 days in 2022 to 159 days in 2023, and decreased to 116 days in 2024, primarily due to a temporary extension of credit terms to certain customers in 2023 in consideration of our strategic cooperation with these customers. Such turnover remained relatively stable at 125 days for the six months ended June 30, 2025. Our Company is of the view that there was no material recoverability issues with the outstanding trade and bills receivables, primarily because (i) the outstanding balance was generally within the credit period granted to our customers or in accordance with relevant settlement procedures implemented by either us or our customers; (ii) our customers displayed good creditworthiness with steady business and financial performance in the past; (iii) we have not had any material collection issue with our customers; and (iv) we have provided sufficient provisions in relation to our trade and bills receivables during the Track Record Period.

As of August 31, 2025, RMB909.9 million, or 56.9%, of our trade and bills receivables as of June 30, 2025, had been settled.

## FINANCIAL INFORMATION

### Trade and bills payables

Our trade and bills payables primarily consist of (i) trade payables, primarily representing payables due to our suppliers in respect of procurement of raw materials such as integrated circuit, structured components, transistors and connectors; and (ii) bills payable. The following table sets forth details of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	1,564,927	750,096	1,115,412	1,533,007
Bills payable . . . . .	215,454	114,347	119,542	61,902
<b>Total . . . . .</b>	<b><u>1,780,381</u></b>	<b><u>864,443</u></b>	<b><u>1,234,954</u></b>	<b><u>1,594,909</u></b>

Our trade and bills payables decreased by RMB916.0 million from RMB1,780.4 million as of December 31, 2022 to RMB864.4 million as of December 31, 2023. This decline was primarily due to a reduction in our procurement of raw materials, which was in turn driven by a temporary postponement of purchases by one of the five largest customers of the Group during 2023. In particular, such customer delayed its orders as a result of weakened market demand and a short-term liquidity constraint. During this period, such customer entered into discussions with us and requested an extension of its payment schedule. By 2024, such customer had fulfilled all outstanding payments in accordance with the agreed extended terms. All payments from this customer have been made in line with the original credit terms, and no overdue balances remain. Our trade and bills payables increased by RMB370.6 million to RMB1,235.0 million as of December 31, 2024, and then by RMB359.9 million to RMB1,594.9 million as of June 30, 2025, mainly as a result of the increase in our procurement of raw materials driven by the increased market demand.

The trade and bills payables are normally settled within 60 days. The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year . . . . .	1,776,369	861,516	1,230,901	1,584,342
1 to 2 years . . . . .	2,456	241	1,353	8,807
2 to 3 years . . . . .	308	1,644	43	56
Over 3 years . . . . .	1,248	1,042	2,657	1,704
<b>Total . . . . .</b>	<b><u>1,780,381</u></b>	<b><u>864,443</u></b>	<b><u>1,234,954</u></b>	<b><u>1,594,909</u></b>

---

## FINANCIAL INFORMATION

---

The following table sets forth our trade and bills payables turnover days for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Trade and bills payables turnover days <sup>(1)</sup> . . . . .	158	197	131	160

*Note:*

1. Calculated using the average of opening and closing balances of the trade and bills payables for such years/periods divided by the cost of sales for the relevant years/periods and multiplied by 360/180 days.

Our trade and bills payables turnover days increased from 158 days in 2022 to 197 days in 2023 primarily due to increase in our procurement of raw materials for preparation of production at the end of 2023. Our trade and bills payables turnover days decreased to 131 days in 2024, and 160 days for the six months ended June 30, 2025, primarily due to increase in our procurement of raw materials as well as our efforts to accelerate the payment to our suppliers.

As of August 31, 2025, RMB1,145.9 million, or 71.9%, of our trade and bills payables as of June 30, 2025, had been settled.

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have historically funded our cash requirements principally from proceeds from our business operations, capital contributions from shareholders and bank borrowings. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations and the net proceeds from the Global Offering. We do not anticipate any changes in the availability of financing to fund our operations in the future.

## FINANCIAL INFORMATION

### Cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Una dited)</i>	
Net cash generated from/(used in)					
operating activities . . .	56,255	142,942	561,970	330,171	(189,867)
Net cash used in					
investing activities . . .	(193,641)	(204,545)	(293,948)	(132,161)	(324,601)
Net cash generated from/(used in)					
financing activities . . .	231,772	93,083	(200,733)	(61,166)	585,103
Net increase in cash and cash equivalents . . . . .	94,386	31,480	67,289	136,844	70,635
Cash and cash equivalents, beginning of period . . . . .	225,311	354,707	417,977	417,977	507,341
Effect of exchange rate changes on cash and cash equivalents . . . . .	35,010	31,790	22,075	24,254	10,255
<b>Cash and cash equivalents, end of period . . . . .</b>	<b><u>354,707</u></b>	<b><u>417,977</u></b>	<b><u>507,341</u></b>	<b><u>579,075</u></b>	<b><u>588,231</u></b>

### *Net cash generated from/(used in) operating activities*

Our cash flows generated from operating activities reflect our profit before taxation adjusted for: (i) non-cash and non-operating items (such as depreciation of non-current assets and interest income); (ii) the effects of movement in working capital (such as inventories, receivables and payables); and (iii) other cash items (such as income taxes paid).

For the six months ended June 30, 2025, we had net cash used in operating activities of RMB189.9 million, which primarily represented our profit before income tax of RMB119.1 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of RMB70.8 million; and (ii) movements in working capital, mainly consisting of increase in inventories of RMB296.1 million, increase in trade and other receivables of RMB389.3 million. We anticipate an improvement in our operating cash flow as profitability increases. This will be driven by (i) growing revenue and enhancing gross profit margins; (ii)

---

## FINANCIAL INFORMATION

---

strengthening cost and expense controls by fully leveraging economies of scale; and (iii) continuously optimizing working capital through proactive management of trade receivables, trade payables, and inventory turnover, alongside deeper collaboration with our suppliers. For instance, we are actively adjusting our product mix to favour items with higher gross margins. As our business scales, procurement volumes rise, which enhances our bargaining power to secure better pricing, credit terms, and supplier rebates. Additionally, our smart supply chain management system expands our sourcing channels and helps us manage product costs effectively. Looking ahead, we expect our liquidity needs to be met through a combination of operating cash flow, bank balances, and net proceeds from the Global Offering.

For the six months ended June 30, 2024, we had net cash generated in operating activities of RMB330.2 million, which primarily represented our profit before income tax of RMB83.2 million, adjusted by (i) non-cash and non-operating items such as depreciation of RMB84.9 million; and movements in working capital including a decrease in trade and other receivables of RMB139.9 million and increase in trade and other payables of RMB65.4 million.

In 2024, we had net cash generated from operating activities of RMB562.0 million, which primarily represented our profit before income tax of RMB163.4 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of RMB166.4 million, amortization of intangible assets of RMB127.8 million and finance cost of RMB52.9 million; and (ii) movements in working capital, mainly consisting of an increase in trade and other payables of RMB380.2 million, which was partially offset by an increase in inventories of RMB116.2 million and an increase in trade and other receivables of RMB191.4 million.

In 2023, we had net cash generated from operating activities of RMB142.9 million, which primarily represented our profit before income tax of RMB93.9 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of RMB181.3 million, amortization of intangible assets of RMB112.8 million and finance cost of RMB61.1 million; and (ii) movements in working capital, mainly consisting of a decrease in inventories of RMB152.3 million and a decrease in trade and other receivables of RMB473.5 million, offset by a decrease in trade and other payables of RMB911.9 million.

In 2022, we had net cash generated from operating activities of RMB56.3 million, which primarily represented our profit before income tax of RMB178.5 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of RMB191.1 million, amortization of intangible assets of RMB103.3 million and finance cost of RMB57.9 million; and (ii) movements in working capital, mainly consisting of an increase in trade and other payables of RMB785.7 million, offset by an increase in inventories of RMB507.5 million and an increase in trade and other receivables of RMB727.7 million.

### *Net cash used in investing activities*

For the six months ended June 30, 2025, our net cash flow used in investing activities was RMB324.6 million, which was primarily attributable to payments and deposits for acquisition of property plant and equipment, and intangible assets of RMB326.4 million.

---

## FINANCIAL INFORMATION

---

For the six months ended June 30, 2024, our net cash flow used in investing activities was RMB132.2 million, which was primarily attributable to payments and deposits for acquisition of property plant and equipment, and intangible assets of RMB113.6 million

In 2024, our net cash flow used in investing activities was RMB293.9 million, which was primarily attributable to (i) payments and deposits for acquisition of property plant and equipment, and intangible assets of RMB306.6 million; and (ii) payments for investment in a swap contract of RMB20.3 million, and was partially offset by (i) proceeds from investment in a swap contract upon maturity of RMB20.4 million; (ii) proceeds from disposal of property, plant and equipment of RMB6.3 million; and (iii) proceeds from disposal of a subsidiary of RMB6.3 million.

In 2023, our net cash flow used in investing activities was RMB204.5 million, which was primarily attributable to (i) payments and deposits for acquisition of property plant and equipment, and intangible assets of RMB167.6 million; (ii) payments for other financial assets of RMB10.0 million; and (iii) payments for acquisition of prepaid lease payment of RMB35.6 million, and was partially offset by proceeds from disposal of property, plant and equipment of RMB8.6 million.

In 2022, our net cash flow used in investing activities of RMB193.6 million, which was primarily attributable to (i) payments and deposits for acquisition of property plant and equipment, and intangible assets of RMB179.7 million; and (ii) payments for acquisition of subsidiaries of RMB21.5 million, and was partially offset by proceeds from disposal of property, plant and equipment of RMB7.6 million.

### *Net cash (used in)/generated from financing activities*

For the six months ended June 30, 2025, we had our net cash generated from financing activities of RMB585.1 million, which was primarily attributable to proceeds from bank borrowings of RMB1,313.1 million, and was partially offset by repayments of bank borrowings of RMB623.9 million.

For the six months ended June 30, 2024, we had net cash used in financing activities of RMB61.2 million, which was primarily attributable to proceeds from bank borrowings of RMB795.8 million, and was partially offset by repayments of bank borrowings of RMB760.5 million and repayments of other borrowings of RMB37.7 million.

In 2024, our cash flow used in financing activities was RMB200.7 million, which was primarily attributable to (i) repayments of bank borrowings of RMB1,668.6 million; and (ii) repayments of other borrowings of RMB43.1 million, and was partially offset by proceeds from bank borrowings of RMB1,640.6 million.

In 2023, we had net cash generated from financing activities of RMB93.1 million, which was primarily attributable to proceeds from bank borrowings of RMB1,727.9 million, and was partially offset by repayment of bank borrowings of RMB1,530.2 million.

In 2022, we had net cash generated from financing activities of RMB231.8 million, which was primarily attributable to (i) proceeds from bank borrowings of RMB1,432.7 million; and (ii) proceeds from other borrowings of RMB265.6 million, and was partially offset by (i) repayment of bank borrowings of RMB1,253.8 million; and (ii) repayment of other borrowings of RMB184.6 million.

## WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including cash and cash equivalents, available banking facilities, cash flows from operating activities and 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 at least the next 12 months from the date of this prospectus.

## INDEBTEDNESS

As of December 31, 2022, 2023, and 2024, June 30, 2025, and August 31, 2025, our indebtedness included bank borrowings, other borrowings, and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of	As of
	2022	2023	2024	June 30,	August 31,
	RMB'000	RMB'000	RMB'000	2025	2025
				RMB'000	RMB'000
					(Una dited)
<b>Current</b>					
Bank borrowings . . . .	913,014	1,111,827	991,700	1,696,058	1,981,412
Other borrowings . . . .	175,090	41,609	–	–	–
Lease liabilities . . . . .	44,927	37,670	20,134	21,445	21,628
<b>Non-current</b>					
Bank borrowings . . . .	–	–	91,900	78,000	127,400
Other borrowings . . . .	93,881	–	–	–	–
Lease liabilities . . . . .	36,999	145,887	135,938	126,320	121,507
<b>Total . . . . .</b>	<b><u>1,263,911</u></b>	<b><u>1,336,993</u></b>	<b><u>1,239,672</u></b>	<b><u>1,921,823</u></b>	<b><u>2,251,947</u></b>

Our Directors confirm that, as of the Latest Practicable Date, there was no material

---

## FINANCIAL INFORMATION

---

### **Bank borrowings**

As of December 31, 2022, 2023, 2024, June 30, 2025, and August 31, 2025, we had bank borrowings of RMB913.0 million, RMB1,111.8 million, RMB1,083.6 million, RMB1,774.1 million, and RMB2,102.9 million, respectively, which were unsecured and unguaranteed bank loans primarily to finance our working capital and capital expenditure. Our bank borrowings are denominated in RMB and USD. The effective interest rate on our bank loans ranged from 3.2% to 5.4%, 2.9% to 4.4%, 2.5% to 3.7%, and 2.5% to 3.5%, per annum as of December 31, 2022, 2023, and 2024, and June 30, 2025, respectively. Please refer to Note 27 of the Accountants' Report in Appendix I to this Prospectus. As of August 31, 2025, our unutilized banking facilities amounted to RMB1,574.4 million.

### **Other borrowings**

As of December 31, 2022, 2023, 2024, June 30, 2025, and August 31, 2025, we had other borrowings of RMB269.0 million, RMB41.6 million, nil, nil, and nil, respectively. We entered into financing arrangements with financial institutions and we are entitled to purchase back the machinery and equipment at a minimal consideration upon maturity of respective leases, or to purchase back the machinery and equipment from this financial institution at fair value upon the end of the lease period. In 2022, 2023, and 2024, June 30, 2025, and August 31, 2025, we raised RMB265.6 million, nil, nil, nil, and nil of borrowings in respect of such sale and leaseback arrangements. Please refer to Note 28 of the Accountants' Report in Appendix I to this Prospectus.

### **Lease liabilities**

As of December 31, 2022, 2023, 2024, June 30, 2025, and August 31, 2025, our lease liabilities amounted to RMB81.9 million, RMB183.6 million, RMB156.1 million, RMB147.8 million, and RMB143.1 million, respectively.

### **Contingent liabilities**

As of December 31, 2022, 2023, 2024, June 30, 2025, and August 31, 2025, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since August 31, 2025 and up to the Latest Practicable Date.

### **Indebtedness statement**

Except as disclosed in the subsection titled “— Indebtedness” in this section, as of August 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since August 31, 2025 and up to the Latest Practicable Date.

---

## FINANCIAL INFORMATION

---

### OFF-BALANCE SHEET TRANSACTIONS

We had not entered into any material off-balance sheet transactions or arrangements as of the Latest Practicable Date.

### CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were used for property, plant and equipment, which amounted to RMB34.9 million, RMB52.2 million, RMB259.5 million, and RMB361.7 million, respectively. We funded these expenditures mainly with cash generated from our business operations.

### CAPITAL COMMITMENTS

Our capital commitments as of December 31, 2022, 2023, and 2024, and June 30, 2025, were RMB19.8 million, RMB234.9 million, RMB144.0 million, and RMB210.0 million attributable to purchase of property, plant and equipment. We have funded and expect to continue to fund our capital commitments with our cash flow generated from operating activities.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Please refer to Note 35 to the Accountants' Report in Appendix I to this Prospectus. Our Directors believe that these transactions were conducted in the ordinary and usual course of business on an arm's length basis, and the transactions were conducted on an arm's length basis. Such transactions did not distort our results of operations or make our historical results unreflective of our future performance.

### KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the date or for the period indicated:

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2022	2023	2024	2025
Return on equity <sup>(1)</sup> . . . . .	9.3%	4.5%	7.0%	4.8%
Return on assets <sup>(2)</sup> . . . . .	3.8%	1.9%	3.4%	2.1%
Gearing ratio <sup>(3)</sup> . . . . .	65.6%	58.4%	50.4%	75.6%
Gross profit margin <sup>(4)</sup> . . . . .	18.2%	21.5%	20.9%	21.9%
Net profit margin <sup>(5)</sup> . . . . .	4.5%	3.1%	4.6%	5.8%
R&D to revenue ratio <sup>(6)</sup> . . . . .	7.1%	8.9%	8.8%	7.9%

---

## FINANCIAL INFORMATION

---

*Notes:*

- (1) Return on equity is calculated based on the profit for the year/period attributable to owners of our Company divided by the arithmetic mean of the opening and closing balances of the total equity and multiplied by 100%.
- (2) Return on assets is calculated based on the profit for the year/period attributable to owners of our Company divided by the arithmetic mean of the opening and closing balances of the total assets and multiplied by 100%.
- (3) Gearing ratio is calculated based on total indebtedness (including bank borrowings, other borrowings and lease liabilities) divided by total equity and multiplied by 100%.
- (4) Gross profit margin equals gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (5) Net profit margin equals net profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (6) Calculated by dividing our R&D expenses by our revenue for the year/period and multiplied by 100%.

### **Return on equity and return on assets**

Our return on equity decreased from 9.3% in 2022 to 4.5% in 2023, primarily due to the decrease in our net profit. Our return on equity increased to 7.0% in 2024, primarily due to the increase in our net profit outpacing the increase in our total equity. Our return on equity remained at 4.8% for the six months ended June 30, 2025.

Our return on assets decreased from 3.8% in 2022 to 1.9% in 2023, primarily due to the decrease in our net profit. Our return on assets increased to 3.4% in 2024, primarily due to the increase in our net profit outpacing the increase in our total assets. Our return on assets remained at 2.1% for the six months ended June 30, 2025.

### **Gearing ratio**

Our gearing ratio decreased from 65.6% as of December 31, 2022 to 58.4% as of December 31, 2023, primarily due to the increase in our total assets outpacing the growth of our borrowings and lease liabilities. Our gearing ratio further decreased from 58.4% as of December 31, 2023 to 50.4% as of December 31, 2024, primarily due to the increase in our total assets as well as the decrease in our borrowings and lease our gearing ratio increased to 75.6% as of June 30, 2025 as we had increased our borrowing.

### **Gross profit margin and net profit margin**

Please refer to the subsection headed “— 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 Track Record Period.



## FINANCIAL INFORMATION

### Exposure to foreign currencies as of June 30, 2025

	USD	JPY	Other currencies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets . . . . .	2,009,309	13,717	4,632	2,027,658
Liabilities . . . . .	(632,062)	(3,603)	(1,659)	(637,324)
Net exposure . . . . .	1,377,247	10,114	2,973	1,390,334

As of December 31, 2022, 2023, and 2024, and June 30, 2025, if the RMB appreciates or depreciates by 5% against the USD, the net profit of our Group will increase or decrease by RMB60,591,000, RMB46,087,000, RMB51,334,000 and RMB68,862,000. We believe that 5% is within a reasonable range of fluctuation in the RMB against the USD.

Other changes in foreign exchange rates have no significant impact on foreign currency risk.

### Interest rate risk

Our bank borrowings bears floating rates expose us to cash flow interest rate risk. Other than the interest-bearing bank deposits, we have no other significant interest-bearing assets bearing variable interest rates. It is not anticipated there is any significant impact to these interest-bearing assets resulted from the changes in interest rates because the interest rates of bank balances are not expected to change significantly. Based on the balance of our interest-bearing borrowings as of December 31, 2022, 2023, and 2024, and June 30, 2025, it is estimated that should there be a general increase/decrease of 100 basis point change in interest rates, our profit for the year/period ended December 31, 2022, 2023, and 2024, and June 30, 2025, would decrease/increase by approximately RMB561,000, RMB582,000, RMB1,784,000, and RMB3,137,000, respectively.

### Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. Our credit risk is primarily attributable to trade receivables and other financial assets at amortized cost.

### *Trade receivable from hidden*

Our Group's policy is to deal with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used.

---

## FINANCIAL INFORMATION

---

Shorter or no credit terms are granted to the customers who are not considered creditworthy are required to pay on delivery of goods and services. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

As of December 31, 2022, 2023, and 2024, and June 30, 2025, in terms of gross carrying amounts, 39.1%, 28.2%, 42.6%, and 38.5% of the total trade receivables was due from our Group's largest customer, and 62.7%, 69.3%, 68.8%, and 67.4% of the total trade receivables were due from the Group's top five customers.

We applied the simplified approach to provide for impairment for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for impairment of all trade receivables. For trade receivables, we assesses ECL under IFRS 9 based on shared credit risk characteristics and aging as well as the corresponding historical credit losses during that period. Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to engage with the Group on alternative payment arrangement is considered indicators of no reasonable expectation of recovery.

### *Other financial assets at amortized cost*

Other financial assets at amortized cost include deposits, other receivables, pledged deposits and cash at bank.

In order to minimize the credit risk of deposits and other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information, and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Our Group applies the IFRS 9 three-stage approach to measure ECL for deposits and other receivables.

As of December 31, 2022, 2023, and 2024, and June 30, 2025, since the credit risk of deposits and other receivables of RMB4.1 million, RMB4.9 million, RMB9.5 million, and RMB5.9 million is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12 months ECL, and ECL rates of 5%, 5%, 5%, and 5% were provided.

As of December 31, 2022, 2023, and 2024, and June 30, 2025, our Group determined that the credit risk of deposits and other receivables of RMB0.6 million, RMB4.3 million, RMB8.1 million, and RMB10.0 million, is considered significantly increased since initial recognition, therefore the impairment provision is determined as lifetime ECL (non-credited impaired), and ECL rates of 10.49%, 11.35%, 30.52%, and 39.32% were provided, while RMB5.6 million,

RMB5.2 million, RMB2.7 million, and RMB2.7 million is determined as lifetime ECL (credited impaired) respectively, therefore, full provision was provided as of December 31, 2022, 2023, and 2024 and June 30, 2025.

To manage the risk arising from pledged deposits and cash at banks, our Group mainly transacts with banks with high credit rating. There has been no recent history of default in relation to these financial institutions and therefore the expected credit loss is minimal.

### **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, we aim to maintain flexibility in funding by maintaining adequate cash and cash equivalents.

### **DIVIDEND**

As of the Latest Practicable Date, we did not maintain any fixed dividend payout policy. Pursuant to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》) and Articles of Association, within any three consecutive years, our distributed cumulative profits in cash shall not be less than 30% of the average distributable profits realized in the latest three years. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions, and shall be considered and resolved at our general shareholders' meeting.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders'

---

## FINANCIAL INFORMATION

---

### **DISTRIBUTABLE RESERVES**

As of June 30, 2025, we had retained earnings of RMB596.7 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

### **UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

See Appendix II — Unaudited Pro Forma Financial Information to this prospectus for details of our unaudited pro forma adjusted consolidated net tangible assets.

### **LISTING EXPENSES**

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. Assuming the Over-allotment Option is not exercised and based on the maximum Offer Price of HK\$68.88 per Offer Share, listing expenses to be borne by us are estimated to be HK\$135.7 million, comprising: (i) underwriting commissions, sponsor fees, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy of HK\$104.9 million; and (ii) non-underwriting-related expenses of HK\$30.8 million, which are further categorized into: (a) fees and expenses of legal advisers and accountants of HK\$20.8 million; and (b) other fees and expenses of HK\$10.0 million. Amongst the listing expenses, HK\$9.6 million was charged or is expected to be charged to our consolidated statements of profit or loss, and HK\$126.1 million is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 3.0% of the gross proceeds of the Global Offering, assuming the maximum Offer Price of HK\$68.88 per Offer Share and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our business, financial condition and results of operations since June 30, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this prospectus, and there is no event since June 30, 2025, which would materially affect the information in the Accountants' Report as set out in Appendix I to this Prospectus.

### **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 Rule 13.13 to 13.19 of the Listing Rules.

## **FUTURE PLANS**

For further details of our future plans, see the sections headed “Business — Our future strategies” in this Prospectus.

## **USE OF PROCEEDS**

We estimate the net proceeds of the Global Offering which we will receive, based on the maximum Offer Price of HK\$68.88 per Offer Share, will be approximately HK\$4,480.0 million, after the deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, and assuming that the Over-allotment Option is not exercised.

In line with our future strategies, we intend to use our proceeds from the Global Offering for the following purposes:

### **Enhancing our production capacity for our photonics, broadband, and wireless products**

- We intend to use approximately 50.0% of the net proceeds, or HK\$2,240.0 million, to enhance production capacity at our facilities as well as our current and future co-location partners’ facilities. This includes procuring and installing machinery and softwasPLANS

---

## FUTURE PLANS AND USE OF PROCEEDS

---

with co-location partners to expand production lines and increase capacity for broadband products. By enhancing our capabilities in broadband products, we aim to capitalize on the high-growth market opportunities and sustain our growth trajectory.

### *O    i   e   e        o   d   c*

- We intend to allocate 13.0% of the net proceeds, or approximately HK\$582.4 million, towards our wireless products, including our Wi-Fi 7 and Wi-Fi 8 products.
- According to F&S, the global wireless network access device industry is expected to continue its growth, driven by technological advancements in Wi-Fi standards, the continuous rollout of 5G networks, and the increasing demand for connected devices. Moreover, Wi-Fi 7 products are anticipated to become a foundational technology to meet the rising demands of both consumers and businesses, positioning their market trajectory for substantial growth. The global sales revenue of Wi-Fi 7 products is projected to reach USD13.8 billion by 2029, representing a CAGR of 82.2% from 2024.
- In light of these projections, we will allocate resources towards the procurement and installation of machinery and software tailored to our wireless products. Notable machinery may include (i) fully automatic dual-track transfer machines used for transferring PCBs between different stages of the production line; (ii) high-speed placement machines used for placing components onto PCBs with high precision; and (iii) automated optical inspection machines used for inspecting PCBs for defects using 3D measurement technology. Additionally, we may collaborate with co-location partners to expand production lines and increase capacity for wireless products. By enhancing our capabilities in wireless products, we aim to maintain our competitive market position and seize the upcoming opportunities.

### *O    h   o   n   i   c        o   d   c*

- We intend to allocate approximately 25.0% of the net proceeds, or HK\$1,120.0 million, towards our photonics products, including our 800G/1.6T photonics products.
- According to F&S, the photonics industry is projected to experience sustained growth due to the rising global demand for high-speed data transmission and the expansion of data-intensive applications. It is anticipated that the sales revenue of the global photonics industry will reach USD41.5 billion by 2029, with a CAGR of 18.5% from 2024. Specifically, 800G photonics, which exhibited a remarkable CAGR of approximately 188.1% from 2020 to 2024, is expected to maintain its rapid growth, with a projected CAGR of 19.1% from 2024 to 2029. Concurrently, 1.6T photonics is forecasted to undergo explosive growth from 2024 to 2029, with an anticipated CAGR of 180.0%.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- In light of these projections, we will allocate resources towards the procurement and installation of machinery and software, tailored to our photonics products. Notable machinery may include (i) high-precision equipment used for attaching semiconductor chips to substrates; (ii) high-reliability bonding equipment used in semiconductor packaging; (iii) high-precision alignment equipment used for aligning optical components; (iv) automated high-precision measurement tools; (v) automated systems used for testing the reliability and performance of packaged chips; and (vi) other testing equipment used for various optical and electrical tests on photonics components. Additionally, we may collaborate with co-location partners to expand production lines and increase capacity for photonics products. By enhancing our capabilities in photonics, we aim to capitalize on the high-growth market opportunities identified.

### **Enhance our R&D talents and skills to achieve more breakthroughs**

- We intend to allocate approximately 20.0% of the net proceeds, or HK\$896.0 million, to further enhance our R&D talents and skills to achieve more R&D breakthroughs. We believe that continuous investment in R&D is crucial for maintaining our technological and product leadership. Our R&D expenses represented 7.1%, 8.9%, 8.8%, and 7.9% of our total revenue for the years ended December 31, 2022, 2023, and 2024, and the six months ended June 30, 2025 respectively. Additionally, our cumulative R&D investments during the Track Record Period exceeded RMB1.4 billion. In order to fuel our future growth and to enhance our overall competitiveness, we intend to increase our R&D commitment through the following specific strategies:

#### *Recruitment of R&D talent*

- We intend to use 5.5% of the net proceeds, or approximately HK\$246.4 million, to be used for the recruitment of specialized R&D professionals.
- We recognize that international talents are invaluable assets to our organization. Over the years, we have successfully attracted numerous top global talents with extensive industry experience. As of June 30, 2025, our R&D team consisted of 673 members, making up over 50% of our total workforce. Our core team and R&D staff hail from some of the world's most prestigious institutions.
- Moving forward, we will continue to lead the market by investing in R&D and recruiting top talents. To this end, we will allocate resources to recruit a total of between 30 and 50 R&D professionals, covering all the fields in relation to photonics, broadband and wireless technologies. Our future R&D recruitment will focus on the following positions and qualifications: (i) senior optical engineers with degrees in optical engineering or related fields, and extensive experience in optical design and testing; (ii) senior firmware development engineers with degrees in computer science or electrical engineering, and experience in firmware development and hardware-software integration; (iii) project managers with business or

---

## FUTURE PLANS AND USE OF PROCEEDS

---

engineering degrees and significant project management experience; (iv) senior hardware engineers with degrees in electrical or computer engineering, and experience in hardware design; (v) senior radio frequency engineers, with engineering degrees and experience in radio frequency; (vi) senior technical support engineers with IT or computer science degrees and experience in IT; (vii) senior automation test engineers with engineering degrees and software engineering backgrounds and experience in the automation test development; and (viii) process engineers with degrees in chemical or mechanical engineering and process improvement experience. These experts will be recruited from or be strategically placed in our R&D centers in, the United States, Europe or Asia.

### *Use of net proceeds for R&D efforts*

- We will also use approximately 9.5% of the net proceeds, or around HK\$425.6 million, to support the continued R&D of our manufacturing technologies through acquiring advanced machinery and software.
- The focus will be on intelligentization and automation, driving efficiency and innovation in our production processes. Notable machinery may include: (i) high-precision optical testing devices used for evaluating and analyzing the quality and performance of optical signals; (ii) electrical testing device used for assessing the quality and performance of electrical signals; (iii) electrical jitter test kits for measuring and analyzing the jitter characteristics of electrical signals; and (iv) high-precision flip chip bonding equipment used for high-precision chip bonding, suitable for advanced packaging technologies, among other technologies that may emerge in the market that we consider essential to push our future R&D efforts.

### *Use of net proceeds for R&D efforts*

- Furthermore, approximately 5.0% of the net proceeds, or approximately HK\$224.0 million, will be used for the acquisition of essential materials to support our R&D efforts. This investment will support our cutting-edge research projects and technological advancements.

### **Enhance our business promotion and marketing efforts**

- We will use approximately 5.0% of the net proceeds, or HK\$224.0 million, for business promotion and marketing, by executing the following sales and marketing strategies:

### *Recruitment of sales and marketing personnel*

- We will use approximately 4.7% of the net proceeds, or approximately HK\$210.6 million, to enhance our sales and marketing team's capabilities. This includes expanding the size of our sales and marketing team, improving their sales and marketing skills, and other general marketing activities.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- We have established regional sales and marketing teams for North America, Europe, China, and Southeast Asia. As of June 30, 2025, the size of our sales and marketing team reached a total of 83 personnel, localized to various markets around the world, mostly in proximity of existing or potential key customers. Our team identifies market opportunities and designs sales strategies to capitalize on them. Each major customer has a dedicated marketing manager and team. The sales manager works closely with the customers, R&D staff, and design engineers to create tailored products.
- Moving forward, we intend to recruit a total of between 20 and 40 sales and marketing staff, covering both existing and emerging markets.

### *Industry Association and Global Events*

- We intend to use approximately 0.3% of the net proceeds, or approximately HK\$13.4 million, to enhance our brand and reputation through increasing our memberships to industry associations and expand our market exposure and improve our customer reach by increasing our participation at global industry events.
- We have been a member of many organizations and industry associations, signifying our leadership and influence in the industry, which has greatly benefited our business. For instance, we have been a member of the Broadband Forum for over a decade, a non-profit industry organization dedicated to designing smarter and faster broadband networks, and highly influential in the telecommunications industry. In 2011, we became one of the first companies to achieve BBF.247 certification, a significant program under the Broadband Forum, ensuring interoperability of GPON standards from different manufacturers. We will continue such memberships and expand our scope to increase our exposure.
- Our marketing activities primarily include trade shows and exhibitions, but we also reach customers through forums and seminars. These platforms allow us to increase our exposure and showcase our technologies and products to potential customers. We often sponsor major events and participate as exhibitors with our dedicated booth, staffed with R&D, sales, and key personnel to showcase our technology and products. For example, we have regularly attended the Network X Exhibition at the Paris Expo Porte de Versailles in 2024, where we demonstrated our latest technologies and products to potential customers and gained insights into industry trends and the offerings of other manufacturers. We have also regularly attended the Optical Fiber Communication Conference and Exhibition, an annual industry event jointly organized by the Optical Society of America, the IEEE Communications Society, and the IEEE Lasers and Electro-Optics Society. By regularly presenting our products at such events, we demonstrated our innovative capabilities and leadership in the optoelectronics industry.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- Moving forward, we will continue our push to showcase our products to a larger audience by exhibiting and sponsoring more such, or similar, events.

### **Strategic investments**

- We will use approximately 15.0% of the net proceeds, or HK\$672.0 million, to be used for overseas strategic investments to achieve our long-term growth strategy.
- Our Company's future investment strategy is focused on supporting long-term growth by targeting businesses that demonstrate strong synergies with our operations. Investment methods may include equity participation whether through majority or minority stakes depending on strategic alignment, joint ventures, and asset acquisitions. As of the date of this Prospectus, our preferred approach is to invest in minority stakes. Over the next three to five years, we aim to invest in one to five suitable targets to diversify our portfolio and maximize strategic and operational synergies.
- We are particularly interested in upstream and downstream companies, both overseas and within our industry value chain. Priority will be given to businesses involved in optical devices, chips, and core ICs, as these components can enhance our technological capabilities, strengthen supply chain resilience, and support a broader range of application scenarios. We are also actively seeking downstream companies with strong market coverage and sales capabilities, whose complementary supply chains can help us expand our market presence and increase market share.
- Target companies should have experienced management, technical, and sales teams with deep industry knowledge. They should demonstrate a proven track record of success, including a positive EBITDA in the most recent financial year. In addition, we will prioritize companies with no material non-compliance issues and no off-balance sheet indebtedness or contingent liabilities.
- We are also open to investing in startups operating in adjacent product and technology fields, or in suppliers of peripheral products that complement our offerings. These startups should possess cutting-edge technologies or innovative business models that align with our strategic direction.
- According to F&S, there are over 300 companies that meet our selection criteria. Some of these are existing partners within our upstream and downstream networks. Taking this into account, and based on F&S's assessment, our Directors are confident that suitable targets are available.
- Through these investments, we expect to realize several key benefits, such as (i) enhanced technological synergies that accelerate R&D for next-generation products; (ii) improved supply chain delivery capacity and strategic assurance, and (iii) expanded product offerings and faster market penetration through stronger sales and distribution capabilities.

## FUTURE PLANS AND USE OF PROCEEDS

### Working capital

- Lastly, we will use approximately 10.0% of the net proceeds, or HK\$448.0 million, for general corporate purposes, including working capital needs.

The following table sets forth a summary of the timeframe regarding the above future expansion plans:

	Amount of the net proceeds to be utilized for the year ending December 31,				
	2026	2027	2028	2029	2030
	<i>(HKD' million)</i>				
<b>Enhancing our production capacity</b>					
In relation to our broadband products, including our 50G/25GPON products . . . . .	268.8	268.8	-	-	-
In relation to for our wireless products, including our Wi-Fi 7 and Wi-Fi 8 products . . . . .	291.2	291.2	-	-	-
In relation to our photonic products, including our 800G/1.6T products . . . . .	560.0	560.0	-	-	-
<b>Enhance our R&amp;D talents and skills to achieve more breakthroughs . . . . .</b>					
	342.8	372.8	60.1	60.1	60.1
<b>Enhance our business promotion and marketing efforts . . . . .</b>					
	14.3	26.6	44.1	59.1	79.9

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

## THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**” and collectively, the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**” and collectively, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities (including qualified domestic institutional investor(s) (“**QDII(s)**”) to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 50 H Shares) that may be purchased for an aggregate amount of US\$290.00 million or HK\$2,256.72 million, calculated based on the conversion rate of US\$1.00 to HK\$7.7818 (the “**Cornerstone Placing**”). The aggregate amount of the investment contributed by the Cornerstone Investors does not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which the Cornerstone Investors will f70(will)1.4-47ill Ios470(9(Shares)-39-470(fee)ounded)-36 r

---

## CORNERSTONE INVESTORS

---

shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

All Cornerstone Investors have agreed to pay in full for the relevant Offer Shares that they have subscribed before dealings in our Company's H Shares commence on the Hong Kong Stock Exchange. Certain Cornerstone Investors have agreed that our Company and the Sole Sponsor-OC in their sole discretion may defer the delivery of all or part of the Offer Shares in full it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than five business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.

Among the Cornerstone Investors, Morgan Stanley & Co. International plc and Taikang Life Insurance Co., Ltd are either Existing Minority Shareholders or their respective close associates. The Hong Kong Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of Appendix F1 to the Hong Kong Listing Rules and paragraph 5 of Chapter 4.15 of the Guide for New Listing Applicants to permit H Shares in the International Offering to be placed to certain Existing Minority Shareholders. For further details, see "Waivers from Strict Compliance with Hong Kong Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Allocation of H Shares to Existing Minority Shareholders and their Close Associates."

To the best of the knowledge, information and belief of our Company, (i) other than the Cornerstone Investors who are the Existing Minority Shareholders or their respective close associates, each of the Cornerstone Investors is independent of our Company, its connected persons and their respective associates; (ii) other than the Cornerstone Investors who are the Existing Minority Shareholders or their respective close associates, none of the Cornerstone Investor is accustomed to take and has not taken instructions from our Company, our Directors, chief executive, substantial Shareholders, existing Shareholders, supervisors of our subsidiaries or any of its subsidiaries or their respective close associates in relation to the

acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) other than the Cornerstone Investors who are the Existing Minority Shareholders or their respective close associates, none of the subscription of the Offer Shares by the Cornerstone Investors is directly or indirectly financed by our Company, our Directors, chief executive, substantial Shareholders, existing Shareholders, supervisors of our subsidiaries or any of its subsidiaries or their respective close associates.

To the best knowledge of our Company and the Sole Sponsor-OC, and based on the indicative interest of investment of the Cornerstone Investors and C-340 elders,

## CORNERSTONE INVESTORS

The table below sets forth the details of the Cornerstone Placing, based on the Offer Price of HK\$68.88, being the maximum Offer Price:

Cornerstone Investors	Total Investment Amount <sup>(1)</sup>	Number of Offer Shares <sup>(2)</sup>	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of our total issued share capital <sup>(3)</sup>	Approximate % of the Offer Shares	Approximate % of our total issued share capital <sup>(3)</sup>
<i>(US\$ in million)</i>						
Barings . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
MSIP . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
HCEP Master Fund and HCEP Long Only Master Fund . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
Arc Avenue . . . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
CloudAlpha Capital . .	30.00	3,389,250	5.06%	1.01%	4.40%	0.98%
Funds managed by Weiss Asset Management LP . . .	30.00	3,389,250	5.06%	1.01%	4.40%	0.98%
Cithara Fund . . . . .	30.00	3,389,250	5.06%	1.01%	4.40%	0.98%
3W Fund . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
GMF and IRMF . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
Infini . . . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
Alpine . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
DAMSIMF . . . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
Aqua Ocean . . . . .	20.00	2,259,500	3.37%	0.67%	2.93%	0.65%
Martis Fund, L.P. . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
Taikang Life . . . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
ICBC WM . . . . .	10.00	1,129,750	1.69%	0.34%	1.47%	0.33%
<b>Total . . . . .</b>	<b>290.00</b>	<b>32,762,750</b>	<b>48.89%</b>	<b>9.78%</b>	<b>42.51%</b>	<b>9.49%</b>

*Notes:*

- (1) Exclusive of brokerage, the SFC transaction levy, the Hong Kong Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this Prospectus.
- (2) Subject to rounding down to the nearest whole board lot of 50 H Shares.
- (3) Assuming the options granted under the 2024 Share Option Incentive Scheme are not exercised.
- (4) If the final Offer Price is less than the maximum Offer Price of HK\$68.88, in accordance with the terms of the Cornerstone Investment Agreements and to satisfy the relevant requirements under the Listing Rules, each Cornerstone Investor's investment amount shall be deducted on a pro rata basis at the sole and absolute discretion of the Sole Sponsor, the Sole Sponsor-Overall Coordinator and our Company, so that the number of Offer Shares to be acquired by each Cornerstone Investor remain the same with the table above.

---

## CORNERSTONE INVESTORS

---

### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

#### **Barings**

Baring Asset Management (Asia) Limited (“**Barings**”) is an over US\$470 billion global asset management firm that partners with institutional, insurance, and intermediary clients, and supports leading businesses with flexible financing solutions. Barings is a subsidiary of MassMutual, seeks to deliver excess returns by leveraging its global scale and capabilities across public and private markets in fixed income, real assets and capital solutions.

#### **MSIP**

Morgan Stanley & Co. International plc (“**MSIP**”) is a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling entity is Morgan Stanley. Morgan Stanley together with its subsidiary undertakings forms the “Morgan Stanley Group”. Morgan Stanley is a global financial services firm authorised as a Financial Holding Company and regulated by the Board of Governors of the Federal Reserve System in the United States of America. The Morgan Stanley Group operates within the financial services industry and is subject to extensive supervision and regulation.

The principal activity of the Morgan Stanley Group is the provision of financial services to a global client base consisting of corporations, governments and financial institutions. Financial services include investment banking, sales and trading, and other services to clients.

#### **HCEP Master Fund and HCEP Long Only Master Fund**

Each of HCEP Master Fund and HCEP Long Only Master Fund is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The investment manager of them is HCEP Management Limited (“**HCEP Management**”), which is in turn wholly-owned by HCEP Management Holding Limited. Each of HCEP Master Fund and HCEP Long Only Master Fund is an investment fund whose primary purpose is to make China-related equity investments. HCEP Management was incorporated under the laws of Hong Kong in 2020. There is no single ultimate beneficial owner holding 30% or more participating interests in HCEP Master Fund or HCEP Long Only Master Fund.

#### **Arc Avenue**

Arc Avenue Asset Management Pte. Ltd. (“**Arc Avenue**”) is a fund management company incorporated in Singapore and regulated by the Monetary Authority of Singapore (“**MAS**”). It holds an Accredited/Institutional Licensed Fund Management Company (A/I LFMC) license, authorizing it to manage investment funds exclusively for accredited and institutional investors. The firm specializes in asset management, with a primary focus on equity investment

---

## CORNERSTONE INVESTORS

---

funds. Arc Avenue Asset Management Pte. Ltd. serves as investment manager to Enreal China Master Fund and Forreal China Value Fund. These two funds are focused on investing in technology-driven opportunities in China. Specifically, they invest in the Hong Kong/mainland China equity market as well as ADRs, and mainly covers sectors including TMT, Advanced Manufacturing, Consumer and Healthcare etc. The ultimate beneficial owner of Enreal China Master Fund and Forreal China Value Fund holding 30% or more of its interest is a global institutional investor with several hundred billion US\$ in assets under management, and not an individual investor.

### **CloudAlpha Capital**

CloudAlpha Capital Management Limited (“**CloudAlpha Capital**”) was founded in 2014 and is now a global-leading hedge fund manager that focuses on investment in technologies. CloudAlpha Capital is headquartered in Hong Kong, with teams also spread across Shenzhen, Shanghai, Taipei, Hsinchu, and Tokyo. CloudAlpha Capital currently manages equity long-short hedge funds with total assets under management of approximately US\$2 billion. CloudAlpha Capital is fully controlled by Yang Jin, Wang Yen Kang and Yan Peide, all of whom are Independent Third Parties.

### **Weiss Asset Management**

Weiss Asset Management LP (“**WAM**”) is a Delaware limited partnership registered as an investment adviser with the United States Securities and Exchange Commission. Headquartered in Boston, with offices in New York, Hong Kong, and San Francisco, WAM is a global, multi-strategy investment manager with a track record of developing proprietary strategies designed to deliver risk-adjusted returns to its investors.

WAM manages over US\$4 billion in assets across two private investment funds: Brookdale International Partners, L.P., a New York limited partnership, and Brookdale Global Opportunity Fund, a Cayman Islands exempted company (together, the “**Brookdale Funds**”). Turing International Limited (“**Turing**”) is a Cayman Islands exempted company and is indirectly wholly owned by the Brookdale Funds.

WAM’s investors include leading institutional allocators such as pension plans, family offices, endowments, and foundations. No investor holds a 30% or greater interest in the Brookdale Funds or Turing.

### **Cithara Fund**

Cithara Global Multi-Strategy SPC – Bosideng Industry Investment Fund SP (“**Cithara Fund**”) is an exempted segregated portfolio company incorporated in the Cayman Islands in 2021. The Cithara Fund’s objective is to deliver risk adjusted absolute return with a focus on long-term capital preservation. The investment manager of Cithara Fund is Cithara Investment International Limited (“**Cithara**”), a company incorporated in Hong Kong in 2016 and licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) of the regulated

---

## CORNERSTONE INVESTORS

---

activities as defined under the SFO. Cithara is ultimately wholly owned by Zhang Jun who is an Independent Third Party. Song Yan, an Independent Third Party, is the ultimate beneficial owner of Cithara Fund with more than 30% of beneficial interest. No other ultimate beneficial owner of Cithara Fund holds 30% or more of beneficial interest.

### **3W Fund**

3W Fund Management Limited (“**3W Fund**”) is incorporated in Hong Kong with limited liability and licensed by the SFC to carry out Type 9 (asset management) regulated activity. 3W Fund, which is ultimately wholly owned by an Independent Third Party, has agreed to procure 3W Global Fund, over which 3W Fund has discretionary investment management power, to subscribe for such number of the Offer Shares. 3W Global Fund pursues to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach. No single investor holds 30% or more interests in 3W Global Fund.

### **GMF and IRMF**

Schonfeld Strategic Advisors (Hong Kong) Limited (“**SSA Hong Kong**”) acts as a sub-investment manager to (i) Schonfeld Global Master Fund L.P. (“**GMF**”) on behalf of its principal investment manager, Schonfeld Strategic Advisors LLC (“**SSA LLC**”) and (ii) Schonfeld IR Master Fund Pte. Ltd. (“**IRMF**”) on behalf of its principal investment manager, Schonfeld Strategic Advisors Pte. Ltd. (“**SSA Singapore**”). GMF and IRMF are the cornerstone investors. SSA Hong Kong is one of the investment management entities in the Schonfeld Group (SSA Hong Kong, together with SSA LLC, SSA Singapore and its affiliated entities, are collectively referred to herein as (“**Schonfeld**”). Schonfeld is a global, diversified alternative investment management firm and seeks to pursue a diverse range of investment strategies across industry sectors, asset classes and geographies. GMF is incorporated in the Cayman Islands and IRMF is incorporated in Singapore. SSA Hong Kong is licensed by the SFC. The ultimate beneficial owner of the GMF and IRMF is Schonfeld Strategic Partners Fund LLC which, as of 1 March 2025, owns 70.00% of GMF and 99.77% of IRMF.

### **Infini**

Infini Global Master Fund (“**Infini**”) is a multi-strategy discretionary investment fund with wide investor base, managed by Infini Capital Management Limited (無極資本管理有限公司) (“**Infini Capital**”). With dual headquarters in Hong Kong and Abu Dhabi, Infini Capital is licensed by the SFC and the Abu Dhabi Global Market (ADGM) Financial Services Regulatory Authority (FSRA). Infini Capital is wholly-owned by Infini Capital Global, a Cayman Island holding company and the ultimate beneficial owner of the Infini Capital is Tony Chin, the founder and Chairman of Infini Capital. None of the investor holds 30% or more interests in the fund.

---

## CORNERSTONE INVESTORS

---

### **Alpine**

Alpine Flagship Fund (“**Alpine**”) is an exempted company incorporated with limited liability under the laws of the Cayman Islands. There is no investor holding 30% or above interest in the fund. Alpine Investment Management Limited is the investment manager of Alpine. It holds a licence granted by SFC to carry on Type 9 (Asset Management) regulated activities. The ultimate beneficial owner of the Alpine Investment Management Limited is Tony Tianyuan Song, an Independent Third Party. None of other shareholders hold 30% or more interest in Alpine Investment Management Limited.

### **DAMSIMF**

Dymon Asia Multi-Strategy Investment Master Fund (“**DAMSIMF**”) is an investment fund established in the Cayman Islands. The investors in DAMSIMF are Dymon Asia Multi-Strategy Investment Fund and Dymon Asia Multi-Strategy Investment (US) Fund. DAMSIMF is a multi-manager, multi-asset class fund which seeks to generate absolute consistent uncorrelated returns with minimal volatility. Asset classes traded are: FX, Fixed Income/Rates, Equities, Credit and Commodities. DAMSIMF is managed by Dymon Asia Capital (Singapore) Pte. Ltd. (“**DACS**”). DACS is a wholly-owned subsidiary of and directly controlled by Dymon Asia Capital Ltd, whose shareholders Danny Yong and Keith Tan each holds more than 10% interests therein, with Danny Yong having the controlling stake of Dymon Asia Capital Ltd. DACS is headquartered in Singapore with an affiliate in Hong Kong that is licensed by the SFC to carry out Type 9 (asset management) and Type 1 (dealing in securities) regulated activities. Save for an Australian sovereign wealth fund who holds over 30% interest in DAMSIMF, no other single ultimate beneficial owner holds 30% or more interest in DAMSIMF.

### **Aqua Ocean**

Aqua Ocean Limited (“**Aqua Ocean**”) is a company incorporated under the laws of the British Virgin Islands and a controlled subsidiary of Boyu Capital Opportunities Master Fund. Boyu Capital Opportunities Master Fund is an exempted company incorporated under the laws of the Cayman Island and an investment fund managed by Boyu Capital Management (Singapore) Pte. Ltd. (“**Boyu**”). Boyu holds a capital markets services license and is regulated by the Monetary Authority of Singapore. Boyu provides growth and transformational capital for leading companies in sectors including high technology, healthcare, consumer and business services. Boyu is 100% indirectly owned by Boyu Group, LLC, which is in turn ultimately controlled by Mr. Xiaomeng Tong, an Independent Third Party. There is no single investor holding 30% or more interest in Aqua Ocean through Boyu Capital Opportunities Master Fund.

## **Martis Fund, L.P.**

Martis Fund, L.P. is an exempted limited partnership registered under the laws of Cayman Islands, focusing on healthcare, telecommunication, media, technology and consumer industries investment. The general partner of Martis Fund, L.P. is Pulsating Star GP Limited, which is 100% ultimately controlled by Mr. Eric Li, an Independent Third Party. No limited partner holds 30% or more partnership interest in Martis Fund, L.P. Mr. Eric Li is a Hong Kong citizen with extensive experience in the investment industry. Through several investment funds he ultimately controls, Mr. Eric Li focuses on the investment in healthcare, telecommunication, media, technology and consumer industries, and has successfully invested in several companies listed in Hong Kong, including Giant Biogene (stock code: 2367), WL Delicious (stock code: 9985) and SF Intra-City (stock code: 9699) as pre-IPO investor, Guming (stock code: 1364), Sanhua (stock code: 2050) and Chery Auto (stock code: 9973) as cornerstone investor.

## **Taikang Life**

Taikang Life Insurance Co., Ltd (“**Taikang Life**”), a company incorporated in China, is a wholly owned subsidiary of Taikang Insurance Group Inc. There is no shareholder holding 30% or more in Taikang Insurance Group Inc. Taikang Life provides a full range of personal

---

## CORNERSTONE INVESTORS

---

### CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to subscribe for the Offer Shares (including those to be subscribed through QDIIs) under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Sole Sponsor-OC (for itself and on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Sole Sponsor and the Sole Sponsor-OC, it will not, whether directly or indirectly, at any time during the period commencing from (and inclusive of) the Listing Date and ending on (and inclusive of) the date falling six (6) months after the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

---

## UNDERWRITING

---

### HONG KONG UNDERWRITERS

Guotai Junan Securities (Hong Kong) Limited  
CLSA Limited  
DBS Asia Capital Limited  
Star River Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 6,701,050 Hong Kong Offer Shares (subject to re-allocation described below) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to: (a) the Listing Committee granting the listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this Prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters)), the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers 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 conditions set out in this Prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been entered into and becoming unconditional and not having been terminated.

---

## UNDERWRITING

---

### *G o n d f o e m i n a i o n*

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Sponsor and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may in its sole and absolute discretion, by notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect at any time at or prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into effect:
  - (i) any event, circumstance, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, adverse mutation or aggravation of infectious diseases, comprehensive sanctions, strikes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions in transportation) or other state of emergency in whatever form, in or affecting, directly or indirectly the PRC, Hong Kong, Japan, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to our Group (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
  - (ii) any change or development involving a prospective change or development, or any event, circumstance or series of events likely to result in or likely to result in a change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any Relevant Jurisdictions; or
  - (iii) any moratorium, suspension or restriction in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or

---

## UNDERWRITING

---

- (iv) any general moratorium on commercial banking activities in any Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (v) the commencement by any governmental authority or other regulatory or political body or organization of any public action or investigation against any member of our Group or a director, supervisor or senior management member of any member of our Group in his/her capacity as such or announcing an intention to take any such action; or
- (vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of our Group by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (viii) any valid demand by creditors for repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (ix) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), 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; or
- (x) any change or development involving a prospective change or amendment in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the RMB, Hong Kong dollar or the USD against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the USD 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

---

## UNDERWRITING

---

- (xi) any litigation, dispute, legal action, claim, or regulatory proceeding being threatened or instigated against any member of our Group, any Director, any member of the senior management of our Company as named in this Prospectus; or
- (xii) any contravention by any member of our Group or any Director or any member of the senior management of our Company as named in this Prospectus of any applicable laws including the Listing Rules; or
- (xiii) any change or prospective change or development, or any materialization of any of the risks set out in the section headed “Risk Factors” in this Prospectus; or
- (xiv) other than with the prior written consent of the Sole Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sole Sponsor- Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (i) have or will have or may have a 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, profitability, results of operations, position or condition (financial or otherwise) or performance of the Group, taken as a whole (the “**Material Adverse Change**”); or
- (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (iii) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or
- (iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

---

## UNDERWRITING

---

- (b) any of the Sole Sponsor and the Sole Sponsor- Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Capital Market Intermediaries) shall become aware of the fact that
- (i) any statement contained in any of this Prospectus, the post hearing information pack of our Company, the formal notice, the preliminary offering circular, the pricing information set out in the International Underwriting Agreement, and the final offering circular, the CSRC Filings and/or in any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) in connection with the Global Offering (including any supplement or amendment thereto) (the “**Offer Related Documents**”) was, when it was issued, or has become, untrue, incorrect, incomplete, misleading or deceptive in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any such documents, when it was issued, or has become, is not fair and honest in any material respect and based on reasonable assumptions or reasonable grounds, when taken as a whole; or
  - (ii) 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 material misstatement in, any of Offer Related Documents (including any supplement or amendment thereto); or
  - (iii) any breach of, or any event or circumstance rendering untrue or incorrect, incomplete or misleading in any respect, any of the Warranties; or
  - (iv) any event, act or omission which gives rise or is likely to give rise to any liability of our Company pursuant to Clause 13; or
  - (v) any material breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
  - (vi) that any executive Director or any member of senior management of our Company named in this Prospectus seeks to retire, or is removed from office or vacating his/her office; or

---

## UNDERWRITING

---

- (vii) any Director or any member of senior management of our Company named in this Prospectus is being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company;
- (viii) any Material Adverse Change; or
- (ix) the approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted (other than subject to customary conditions), on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (x) the CSRC Filings, the notice of acceptance of the CSRC filings issued by the CSRC and/or the published filing results in respect of the CSRC Filings on its website have been revoked, withdrawn, rejected or terminated; or
- (xi) other than with the prior written consent of the Sole Sponsor and the Sole Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or upon any requirement or request of the CSRC; or
- (xii) our Company withdraws this Prospectus (and/or any other Offer Related Documents) or the Global Offering;
- (xiii) any of (a) the Reporting Accountants, (b) the Industry Consultant, (c) the PRC Lawyer, (d) Thompson Hine LLP, (e) Hogan Lovells International LLP, (f) Zhitong (Beijing) Registered Tax Agents Co., Ltd. Shanghai Branch, (g) Commerce & Finance Law Offices LLP has withdrawn its consent to the issue of this Prospectus with the inclusion of its report, letters, and/or opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (xiv) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

---

## UNDERWRITING

---

- (xv) any person (other than any of 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;
- (xvi) an order or petition is presented for the winding-up of any member of our Group, or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or a material part of the material assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xvii) a material portion of the orders placed or confirmed in the book-building process has been withdrawn, terminated or cancelled.

### **Undertakings given to the Hong Kong Stock Exchange pursuant to the Listing Rules**

#### *B o Com an*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that, except for the Offer Shares to be issued pursuant to the Global Offering and any A Shares which may be issued pursuant to the 2024 Share Option Incentive Scheme or under any of the circumstances provided under Rule 10.08 of the Listing Rules, within six months from the Listing Date, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued by our Company or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date).

### **Undertakings given to the Hong Kong Underwriters**

#### *Unde aking b o Com an*

Our Company has undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMI and the Hong Kong Underwriters not to (except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering, including any exercise of the Over-allotment Option and the A Shares to be issued under the employee incentive scheme of our Company which is disclosed in this Prospectus, at any time 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 (the “**First Six-Month Period**”), without the prior written consent of the Sole Sponsor and the Sole

---

## UNDERWRITING

---

Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (including pursuant to the exceptions set out in Rule 10.08 of the Listing Rules):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other encumbrance, third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (the “**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares), or deposit any Shares or other equity securities of our Company, as applicable, with a depository in connection with the issue of depository 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 H Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares);
- (c) enter into any transaction with the same economic effect as any transaction specified in Clause 10.1.1(i) or (ii) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of H Shares or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of H Shares or such other equity securities will be completed within the First Six-Month Period).

---

## UNDERWRITING

---

### **Underwriters' interests in our Group**

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this Prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our H Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our H Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

### **The Sole Sponsor's Independence**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

### **The International Offering**

#### *International Offering*

In connection with the International Offering, we expect to enter into the International Underwriting Agreement on the Price Determination Date with the International Underwriters and the Capital Market Intermediaries. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. See "Structure of the Global Offering — The International Offering" in this Prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriters) from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 10,051,500 additional Offer Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Offering, if any.

---

## UNDERWRITING

---

### **Total Commission and Expenses**

The Underwriters will receive an underwriting commission (the “**Fixed Fees**”) of 1.0% of the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option). In addition, we will pay to the Underwriters a discretionary incentive fee (the “**Incentive Fees**”) of up to 1.2% of the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

As of the date of this Prospectus, the allocation of a portion of the Fixed Fees remains subject to the Company’s discretion. According to the Listing Rules, any unallocated portion of the Fixed Fees will be regarded as discretionary fees. Accordingly, assuming the Incentive Fees will be paid in full, the ratio of the Fixed Fees and Incentive Fees (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable by the Company to all Underwriters (both before and after the exercise of the Over-allotment Option, if any) is expected to be approximately 0.88%:1.32%, or approximately 40:60.

Assuming the Over-allotment Option is not exercised and based on the maximum Offer Price of HK\$68.88, the aggregate commissions and estimated expenses, together with the Hong Kong Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount to approximately HK\$135.7 million in total.

### **Indemnity**

Our Company has undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Hong Kong Underwriters and the Capital Market Intermediaries (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or any of the other Warrantors of the Hong Kong Underwriting Agreement.

### **Restrictions on the Offer Shares**

No action has been taken to permit a public offer of the Offer Shares, other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, 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.

## **Over-allotment**

Details of the arrangements relating to the Over-allotment Option, if any, are set forth in the section headed “Structure of the Global Offering — Over-allotment Option”.

## **ACTIVITIES BY SYNDICATE MEMBERS**

The underwriters of the Hong Kong Public Offering and the International Offering and the Capital Market Intermediaries (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 the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates

---

## UNDERWRITING

---

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 Hong Kong Stock Exchange or on any other stock exchange, the relevant 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.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this Prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the 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 (other than the Stabilizing Manager or any person acting for it) 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;
- (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; and
- (c) 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 its 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:

- the Hong Kong Public Offering of initially 6,701,050 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the paragraph headed “— The Hong Kong Public Offering”; and
- the International Offering of initially 60,309,450 Offer Shares (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “— The International Offering” below.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 67,010,500 Offer Shares in the Global Offering will represent approximately 20.0% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option and the options granted under the 2024 Share Option Incentive Scheme. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.3% of our enlarged share capital immediately following the completion of the Global Offering.

References to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Hong Kong Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 6,701,050 Hong Kong Offer Shares, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option and options granted under the 2024 Share Option Incentive Scheme are not exercised.

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, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in “Conditions of the Global Offering” in this section.

### **Allocation**

---

## STRUCTURE OF THE GLOBAL OFFERING

---

### 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 Sponsor-Overall Coordinator, in accordance with Chapter 4.14 of the Guide for New Listing Applicants, following below mechanism:

- (a) where the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, and the International Offer Shares are fully subscribed or oversubscribed or undersubscribed, then up to 3,350,500 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 10,051,550 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and
- (b) where the Hong Kong Offer Shares are undersubscribed:
  - (i) if the International Offering Shares are fully subscribed or oversubscribed, the Sole Sponsor-Overall Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Sponsor-Overall Coordinator deems appropriate; and
  - (ii) if the International Offering Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering, no clawback mechanism will be adopted in accordance with the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules.

### Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application in the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), maximum Offer Price of HK\$68.88 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% on each Offer Share, amounting to a total of HK\$3,478.73 for one board lot of 50 H Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed “— Pricing of the Global Offering”, is less than the maximum Offer Price of HK\$68.88 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. For further details, see “How to Apply for Hong Kong Offer Shares” in this Prospectus.

### THE INTERNATIONAL OFFERING

#### Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 60,309,450 Offer Shares, representing 90.0% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the International Offering will represent approximately 18.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option and the options granted under the 2024 Share Option Incentive Scheme are not exercised.

#### 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 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 that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the subsection headed “Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the 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 to buy further H Shares and/or hold or sell its 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 professional and institutional shareholder base to the benefit of our Company and its Shareholders as a whole.

The Sole Sponsor-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 Sponsor-Overall Coordinator so as to allow them to identify the relevant applications under the International Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

**anyferanfering.**

**info36240.7nthe36240.7nsecondary36240.7nmarket,36240.7ndung**

---

## STRUCTURE OF THE GLOBAL OFFERING

---

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any persons acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end on Saturday, November 22, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (iii) purchasing, or agreeing to purchase, our H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our H Shares for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Stabilization actions by the Stabilizing Manager, or any person acting for it shall be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Specifically, prospective applicants for and investors in the H Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to end on Saturday, November 22, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the H Shares, demand for the H Shares, and therefore the price of the H Shares, could fall;

---

## STRUCTURE OF THE GLOBAL OFFERING

---

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### OVER-ALLOCATION

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

### PRICING OF THE GLOBAL OFFERING

The Offer Price for the purposes of the various offerings under the Global Offering will be fixed by agreement between the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, October 24, 2025 (Hong Kong time) and in any event no later than 12:00 noon on Friday, October 24, 2025, and the allocation of the International Offer Shares under the International Offering will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing price of the A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at [https://www.sse.com.cn/assortment/stock/list/info/company/index.shtml?COMPANY\\_CODE=603083](https://www.sse.com.cn/assortment/stock/list/info/company/index.shtml?COMPANY_CODE=603083)), and the Offer Price will not be more than HK\$68.88. The historical prices of our A Shares and trading volume on Shanghai Stock Exchange are set out below.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>ADTV<sup>(1)</sup></u>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(A Shares)</i>
For the year ended December 31, 2022 . .	16.25	8.73	7,938,835
For the year ended December 31, 2023 . .	78.60	11.07	37,477,055
For the year ended December 31, 2024 . .	60.50	24.76	24,754,993
Year of 2025 (up to the Latest Practicable Date). . . . .	142.50	27.56	27,052,993

---

## STRUCTURE OF THE GLOBAL OFFERING

---

*Note:*

- (1) Average daily trading volume (“ADTV”) represents daily average number of the A Shares of our Company traded over the relevant period.

The International Underwriters will be soliciting from prospective investors’ indications of interest in acquiring the International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the International 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 will not be more than HK\$68.88 per Offer Share unless to be otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.

The Sole Sponsor and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the 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 indicative Offer Price stated below 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 a case, our Company 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 there to be posted on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the offer price, if agreed upon by the Company and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), will be fixed within such revised Offer Price range.

Supplemental listing documents will also be issued by our Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

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 or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include such information as agreed with the Hong Kong 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, if agreed upon with our Company and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Sponsor-Overall Coordinator may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Sponsor-Overall Coordinator.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, October 27, 2025 on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com).

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this Prospectus), or change to the Offer Price as stated in this Prospectus, or if our Company becomes aware that there has been a significant change affecting any matter contained in this Prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this Prospectus if it had arisen before this Prospectus was issued, after the issue of this Prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer with a supplemental prospectus or a new prospectus in FINI.

---

## STRUCTURE OF THE GLOBAL OFFERING

---

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the paragraph headed “How to Apply for Hong Kong Offer Shares — B. Publication of Results” in this Prospectus.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on, among other things:

- the Listing Committee granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued as described in this Prospectus (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering;
- the Offer Price having been agreed between us and the Sole Sponsor-Overall Coordinator (for itself and on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming 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 Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, November 19, 2025, being the 30th date after the date of this Prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) on or before 12:00 noon on Friday, October 24, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its 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 Hong Kong 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 Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com) on the next day following such lapse. In such an event, all application monies will be returned,

---

## STRUCTURE OF THE GLOBAL OFFERING

---

without interest (subject to application channels), on the terms set out in “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificate and Refund of Application Monies” in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

### UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed “Underwriting” in this Prospectus.

### DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, October 28, 2025, it is expected that dealings in our H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, October 28, 2025.

The H Shares will be traded in board lots of 50 H Shares each.

---

## 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. Below are the procedures for application.**

**This Prospectus is available at the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [www.cigtech.com](http://www.cigtech.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 Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### **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;
- have a Hong Kong address (*for the **HK eIPO** **White Form** service only*); and
- are outside the United States, and are not a U.S. Person (as defined in Regulation S).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Hong Kong 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 close associates (as defined in the Listing Rules); 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, October 20, 2025 and end at 12:00 noon on Thursday, October 23, 2025 (Hong Kong time).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
<b>HK eIPO White Form</b> service . .	<a href="http://www.hkeipo.hk">www.hkeipo.hk</a>	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, October 20, 2025 to 11:30 a.m. on Thursday, October 23, 2025, Hong Kong time.  The latest time for completing full payment of application monies will be 12:00 noon on Thursday, October 23, 2025, Hong Kong time.
<b>HKSCC EIPO</b> channel . .	Your <b>broker</b> or <b>custodian</b> who is a HKSCC Participant will submit an <b>EIPO application</b> on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not 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 <b>broker</b> or <b>custodian</b> for the earliest and latest time for giving such instructions, as this may vary by <b>broker</b> or <b>custodian</b> .

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.

---

## HOW 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.

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.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
<ul style="list-style-type: none"> <li>• Full name(s)<sup>2</sup> as shown on your identity document</li> <li>• Identity document’s issuing country or jurisdiction</li> <li>• Identity document type, with order of priority:               <ul style="list-style-type: none"> <li>i. Hong Kong identity (“<b>HKID</b>”) card; or</li> <li>ii. National identification document; or</li> <li>iii. Passport; and</li> </ul> </li> <li>• Identity document number</li> </ul>	<ul style="list-style-type: none"> <li>• Full name(s)<sup>2</sup> as shown on your identity document</li> <li>• Identity document’s issuing country or jurisdiction</li> <li>• Identity document type, with order of priority:               <ul style="list-style-type: none"> <li>i. Legal entity identifier (“<b>LEI</b>”) registration document; or</li> <li>ii. Certificate of incorporation; or</li> <li>iii. Business registration certificate; or</li> <li>iv. Other equivalent document; and</li> </ul> </li> <li>• Identity document number</li> </ul>

*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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

4. The maximum number of joint account holders on FINI is capped at four in accordance with market practice.
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 Hong Kong 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 Sponsor-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** . . . . . : 50 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 maximum Offer Price is HK\$68.88 per Offer 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, 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 Public 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 final Offer

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

*Notes:*

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 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. *Applications 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 in the Global Offering.

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.

### 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 Sponsor-Overall Coordinator, as our agents, 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

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

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 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 the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, and the Joint Lead Managers, the Underwriters and any of their or the Company's respective directors, supervisors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (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 Hong Kong 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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. *Circ mstances In Which Yo 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 nor any of their respective officers or advisers 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 its 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 its 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) represent, warrant and undertake that the Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose benefit you are applying for the Offer Shares are located outside the United States at the time the offer for such Offer Shares was made and when the buy order for such Offer Shares was originated and have not purchased such Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Offer Shares or any economic interest therein to any person in the United States;

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- (xvi) confirm that you understand that we and the Sole Sponsor-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;
- (xvii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xviii) 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;
- (xix) (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
- (xx) (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 and 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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 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 <b>HK eIPO White Form</b> service, or <b>HKSCC EIPO</b> channel service:	
<b>Website</b> . . . . from “Allotment Results” page on the designated results of allocations website at <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> or <a href="http://www.hkeipo.hk/IPOResult">www.hkeipo.hk/IPOResult</a> with a “search by ID” function.  The full list of (i) wholly or partially successful applicants using the <b>HK eIPO White Form</b> service and <b>HKSCC EIPO</b> channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at <a href="http://www.hkeipo.hk/IPOResult">www.hkeipo.hk/IPOResult</a> or <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> .  The Hong Kong Stock Exchange’s website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our website at <a href="http://www.cigtech.com">www.cigtech.com</a> which will provide links to the abovementioned websites of the H Share Registrar.	24 hours, from 11:00 p.m. on Monday, October 27, 2025 to 12:00 midnight on Sunday, November 2, 2025 (Hong Kong time)  No later than 11:00 p.m. on Monday, October 27, 2025 (Hong Kong time).
<b>Telephone</b> . . . +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 Tuesday, October 28, 2025 to Monday, November 3, 2025 (Hong Kong time) (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, October 24, 2025 (Hong Kong time).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, October 24, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

### **Allocation Announcement**

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com) by no later than 11:00 p.m. on Monday, October 27, 2025 (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 Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### **2. If we or our agents exercise our discretion to reject your application:**

We, the Sole Sponsor-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 Hong Kong Stock Exchange does not grant permission to list the 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 Hong Kong Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications 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 Sponsor-Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

### 5. If there is money settlement failure for allotted Offer 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 Offer 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 Global 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. DESPATCH/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).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

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 evidence of title at 8:00 a.m. on Tuesday, October 28, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or 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.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
<b>Despatch/collection of H Share certificate<sup>(1)</sup></b>		
<b>For application of 1,000,000 Hong Kong Offer Shares or more . . . . .</b>	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong  <b>Time:</b> 9:00 a.m. to 1:00 p.m. on Tuesday, October 28, 2025 (Hong Kong time)	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.

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.

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### HK eIPO White Form service

### HKSCC EIPO channel

*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.*

**For application of less than 1,000,000 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:** Monday, October 27, 2025

**Refund mechanism for surplus application monies paid by you**

**Date . . . . .** Tuesday, October 28, 2025

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 . . . . .** 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 paid between you and it

**Application monies paid through multiple bank accounts . . . . .** Refund check(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

*Note:*

- (1) Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an “extreme conditions” announcement issued after a super typhoon in force in Hong Kong in the morning on Monday, October 27, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, our 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. Se vere Weather Arrangements*” in this section.

### E. SEVERE WEATHER ARRANGEMENTS

#### The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, October 23, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 23, 2025.

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 **Severe 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 Hong Kong Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com) of the revised timetable.

If a **Severe Weather Signal** is hoisted on Monday, October 27, 2025, 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 Tuesday, October 28, 2025.

If a **Severe Weather Signal** is hoisted on Monday, October 27, 2025, for application of less than 1,000,000 Offer Shares, the despatch of H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe Weather Signal** is lowered or canceled (e.g. in the afternoon of Monday, October 27, 2025 or on Tuesday, October 28, 2025).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

If a **Severe** Weather Signal is hoisted on Tuesday, October 28, 2025, for application of 1,000,000 Offer Shares or more, the H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, October 28, 2025 or on Thursday, October 30, 2025).

**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.**

### **F. ADMISSION OF THE H SHARES INTO CCASS**

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Hong Kong 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 banks 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).

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### 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 despatch 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.

### 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 check, **HK eIPO White Form** e-Auto Refund payment instruction(s), 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 H 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 its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and

---

## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

- 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 advisers, receiving banks 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);
- 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 Hong Kong 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 Hong Kong 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).

---

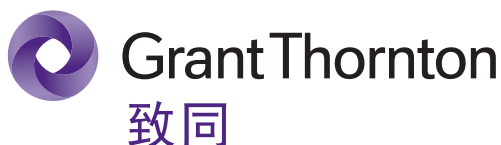
## HOW TO APPLY FOR HONG KONG OFFER SHARES

---

### **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 the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

*The following is the text of a report received from the reporting accountants of the Company, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purposes of incorporation in this prospectus.*



## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CIG SHANGHAI CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED**

### **Introduction**

We report on the historical financial information of CIG Shanghai Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-85, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023, 2024 and 30 June 2025, the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 30 June 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-85 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 October 2025 (the “Prospectus”) in connection with the initial listing of H 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 of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 December 2022, 2023, 2024 and 30 June 2025, the Company’s financial position as at 31 December 2022, 2023, 2024 and 30 June 2025 and of the Group’s financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted

in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adj men*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

*Di idend*

We refer to Note 12 to the Historical Financial Information which contains information about dividend paid by the Company in respect of the Track Record Period.

Grant Thornton Hong Kong Limited  
*Certified Public Accountants*  
11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong SAR  
20 October 2025

Han Pui Yu  
Practising Certificate No.: P07101

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP****Preparation of Historical Financial Information**

Set out below is the historical financial information as at 31 December 2022, 2023, 2024 and 30 June 2025 and for the years/period then ended (the “Track Record Period”) (the “Historical Financial Information”) which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (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

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Una dited)
<b>Revenue</b> . . . . .	5	3,783,739	3,085,362	3,649,889	1,761,408	2,034,023
Cost of sales . . . . .		(3,095,104)	(2,421,267)	(2,887,642)	(1,378,242)	(1,589,443)
<b>Gross profit</b> . . . . .		688,635	664,095	762,247	383,166	444,580
Other income, net . . . . .	6	20,006	18,882	49,663	38,900	14,427
Other gains/(loss), net . . . . .	6	34,776	31,133	24,458	(7,091)	13,965
Research and development expenses . . . . .		(270,376)	(275,799)	(320,368)	(149,005)	(160,785)
Selling and marketing expenses . . . . .		(58,106)	(70,484)	(90,065)	(43,144)	(52,042)
General and administrative expenses . . . . .		(206,271)	(217,488)	(208,259)	(103,234)	(111,199)
Reversal/(Provision) of expected credit loss, net . . . . .	8	27,751	4,698	(1,351)	(4,288)	(5,587)
<b>Operating profit</b> . . . . .		236,415	155,037	216,325	115,304	143,359
Finance costs . . . . .	7	(57,903)	(61,123)	(52,890)	(32,132)	(24,263)
<b>Profit before income tax</b> . . . . .	8	178,512	93,914	163,435	83,172	119,096
Income tax (expense)/credit . . . . .	9	(7,406)	1,051	3,606	1,407	(1,550)
<b>Profit for the year/period</b> . . . . .		171,106	94,965	167,041	84,579	117,546
Other comprehensive expenses items that may be reclassified to profit or loss: Exchange differences on translation of financial statements of foreign operations . . . . .		(8,922)	(3,403)	(1,845)	(4,660)	1,930
<b>Total comprehensive income for the year/period</b> . . . . .		162,184	91,562	165,196	79,919	119,476
<b>Profit/(Loss) for the year/period attributable to:</b>						
Owners of the Company . . . . .		171,106	95,018	166,681	80,004	120,905
Non-controlling interests . . . . .		–	(53)	360	4,575	(3,359)
		171,106	94,965	167,041	84,579	117,546
<b>Total comprehensive income/(expense) attributable to:</b>						
Owners of the Company . . . . .		162,184	91,615	164,836	75,344	122,835
Non-controlling interests . . . . .		–	(53)	360	4,575	(3,359)
		162,184	91,562	165,196	79,919	119,476
<b>Earnings per share:</b>	13					
– Basic (RMB) . . . . .		0.68	0.37	0.63	0.30	0.46
– Diluted (RMB) . . . . .		0.65	0.35	0.61	0.30	0.44

## Consolidated statements of financial position

	Notes	As at 31 December			As at
		2022	2023	2024	30 June
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	14	612,417	525,089	655,566	957,242
Right-of-use assets . . . . .	15	79,315	181,312	148,705	138,857
Prepaid lease payments . . . . .	16	–	35,506	34,795	34,439
Goodwill . . . . .	17	98,969	98,969	98,969	98,969
Intangible assets . . . . .	18	579,417	591,424	543,698	547,692
Other financial assets . . . . .		4,560	14,560	14,560	14,560
Deposits for acquisition of property, plant and equipment, and intangible assets . . .	22	384	3,035	26,902	36,301
Deferred tax assets . . . . .	31	30,216	31,137	32,448	32,265
		<u>1,405,278</u>	<u>1,481,032</u>	<u>1,555,643</u>	<u>1,860,325</u>
<b>Current assets</b>					
Inventories . . . . .	20	1,729,540	1,573,454	1,685,544	1,978,295
Trade and bills receivables . . . . .	21	1,606,878	1,115,577	1,238,116	1,580,191
Deposits, prepayments and other receivables . . . . .	22	101,287	77,936	130,807	179,049
Tax recoverable . . . . .		3,980	49,942	51,363	53,321
Pledged deposits . . . . .	23	35,500	20,000	20,000	20,000
Cash and cash equivalents . . . . .	23	354,707	417,977	507,341	588,231
		<u>3,831,892</u>	<u>3,254,886</u>	<u>3,633,171</u>	<u>4,399,087</u>
<b>Current liabilities</b>					
Trade and bills payables . . . . .	24	1,780,381	864,443	1,234,954	1,594,909
Other payables and accruals . . . . .	25	180,566	137,203	148,472	112,570
Contract liabilities . . . . .	26	11,925	45,391	33,363	24,787
Bank borrowings . . . . .	27	913,014	1,111,827	991,700	1,696,058
Other borrowings . . . . .	28	175,090	41,609	–	–
Lease liabilities . . . . .	30	44,927	37,670	20,134	21,445
Income tax payable . . . . .		9,565	–	381	–
		<u>3,115,468</u>	<u>2,238,143</u>	<u>2,429,004</u>	<u>3,449,769</u>
<b>Net current assets</b> . . . . .		<u>716,424</u>	<u>1,016,743</u>	<u>1,204,167</u>	<u>949,318</u>
<b>Total assets less current liabilities</b> . . . . .		<u>2,121,702</u>	<u>2,497,775</u>	<u>2,759,810</u>	<u>2,809,643</u>
<b>Non-current liabilities</b>					
Bank borrowings . . . . .	27	–	–	91,900	78,000
Other borrowings . . . . .	28	93,881	–	–	–
Lease liabilities . . . . .	30	36,999	145,887	135,938	126,320
Deferred income . . . . .	29	30,281	29,622	42,513	35,142
Deferred tax liabilities . . . . .	31	35,024	34,305	28,470	26,971
		<u>196,185</u>	<u>209,814</u>	<u>298,821</u>	<u>266,433</u>
<b>Net assets</b> . . . . .		<u>1,925,517</u>	<u>2,287,961</u>	<u>2,460,989</u>	<u>2,543,210</u>
<b>EQUITY</b>					
Share capital . . . . .	32	261,573	268,105	268,042	268,042
Reserves . . . . .	33	1,663,944	1,869,909	2,042,640	2,128,220
Equity attributable to owners of the Company . . . . .		<u>1,925,517</u>	<u>2,138,014</u>	<u>2,310,682</u>	<u>2,396,262</u>
Non-controlling interests . . . . .		–	149,947	150,307	146,948
<b>Total equity</b> . . . . .		<u>1,925,517</u>	<u>2,287,961</u>	<u>2,460,989</u>	<u>2,543,210</u>

## Statements of financial position of the Company

	Notes	As at 31 December			As at
		2022	2023	2024	30 June
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
<b>Non-current assets</b>					
Investments in subsidiaries . . . . .	19	149,701	449,701	748,391	748,962
Property, plant and equipment . . . . .	14	597,120	528,477	481,492	599,273
Right-of-use assets . . . . .		36,649	16,687	–	1,528
Intangible assets . . . . .	18	244,783	233,370	228,309	234,411
Other financial assets . . . . .		–	10,000	10,000	10,000
Deposits for acquisition of property, plant and equipment, and intangible assets . . .	22	384	1,364	14,456	31,004
Deferred tax assets . . . . .		30,191	30,916	32,363	31,986
		<u>1,058,828</u>	<u>1,270,515</u>	<u>1,515,011</u>	<u>1,657,164</u>
<b>Current assets</b>					
Inventories . . . . .	20	1,535,006	1,372,600	1,590,832	1,856,382
Trade and bills receivables . . . . .	21	2,184,261	1,907,594	1,758,283	2,224,129
Deposits, prepayments and other receivables . . . . .	22	92,132	39,066	257,734	291,825
Pledged deposits . . . . .	23	35,500	20,000	20,000	20,000
Cash and cash equivalents . . . . .	23	292,439	290,707	340,366	400,670
		<u>4,139,338</u>	<u>3,629,967</u>	<u>3,967,215</u>	<u>4,793,006</u>
<b>Current liabilities</b>					
Trade and bills payables . . . . .	24	1,751,191	967,528	1,382,399	1,758,881
Other payables and accruals . . . . .	25	141,376	143,027	256,492	113,425
Contract liabilities . . . . .	26	1,813	329,406	284,432	226,640
Bank borrowings . . . . .	27	913,014	1,111,827	991,700	1,696,058
Other borrowings . . . . .	28	175,090	41,609	–	–
Lease liabilities . . . . .		20,427	17,817	–	236
		<u>3,002,911</u>	<u>2,611,214</u>	<u>2,915,023</u>	<u>3,795,240</u>
<b>Net current assets</b> . . . . .		<u>1,136,427</u>	<u>1,018,753</u>	<u>1,052,192</u>	<u>997,766</u>
<b>Total assets less current liabilities</b> . . . . .		<u>2,195,255</u>	<u>2,289,268</u>	<u>2,567,203</u>	<u>2,654,930</u>
<b>Non-current liabilities</b>					
Bank borrowings . . . . .	27	–	–	91,900	78,000
Other borrowings . . . . .	28	93,881	–	–	–
Lease liabilities . . . . .		17,692	42	–	1,063
Deferred income . . . . .	29	30,281	29,622	40,143	32,772
Deferred tax liabilities . . . . .		26,554	28,489	25,582	25,349
		<u>168,408</u>	<u>58,153</u>	<u>157,625</u>	<u>137,184</u>
<b>Net assets</b> . . . . .		<u>2,026,847</u>	<u>2,231,115</u>	<u>2,409,578</u>	<u>2,517,746</u>
<b>EQUITY</b>					
Share capital . . . . .	32	261,573	268,105	268,042	268,042
Reserves . . . . .	33	1,765,274	1,963,010	2,141,536	2,249,704
<b>Total equity</b> . . . . .		<u>2,026,847</u>	<u>2,231,115</u>	<u>2,409,578</u>	<u>2,517,746</u>

## Consolidated statements of changes in equity

	Equity attributable to owners of the Company								
	Share capital	Capital reserve*	Shares held for restricted shares incentive scheme*	Statutory reserves*	Retained earnings*	Translation reserve*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at</b>									
<b>1 January 2022</b>	252,221	1,257,154	-	59,293	174,769	(700)	1,742,737	-	1,742,737
Transactions with owners:									
Issuance of shares in respect of restricted share incentive scheme (note 34(a))	9,352	49,648	(59,000)	-	-	-	-	-	-
Vesting of awarded shares under restricted shares incentive scheme (note 34(a))	-	15,620	-	-	-	-	15,620	-	15,620
Share-based payment expense in respect of share options (note 34(b))	-	4,976	-	-	-	-	4,976	-	4,976
Appropriation to statutory reserves	-	-	-	3,749	(3,749)	-	-	-	-
	9,352	70,244	(59,000)	3,749	(3,749)	-	20,596	-	20,596
Profit for the year	-	-	-	-	171,106	-	171,106	-	171,106
Other comprehensive expense	-	-	-	-	-	(8,922)	(8,922)	-	(8,922)
Total comprehensive income	-	-	-	-	171,106	(8,922)	162,184	-	162,184
<b>Balance as at 31 December 2022 and 1 January 2023</b>	261,573	1,327,398	(59,000)	63,042	342,126	(9,622)	1,925,517	-	1,925,517
Transactions with owners:									
Exercise of share options (note 34(b))	6,650	79,205	-	-	-	-	85,855	-	85,855
Repurchase of awarded shares under restricted shares incentive scheme (note 34(a))	(118)	(651)	769	-	-	-	-	-	-
Vesting of awarded shares under restricted shares incentive scheme (note 34(a))	-	34,037	-	-	-	-	34,037	-	34,037
Share-based payment expense in respect of share options (note 34(b))	-	990	-	-	-	-	990	-	990
Capital injection in a subsidiary	-	-	-	-	-	-	-	150,000	150,000
Appropriation to statutory reserves	-	-	-	8,321	(8,321)	-	-	-	-
	6,532	113,581	769	8,321	(8,321)	-	120,882	150,000	270,882
Profit for the year	-	-	-	-	95,018	-	95,018	(53)	94,965
Other comprehensive expense	-	-	-	-	-	(3,403)	(3,403)	-	(3,403)
Total comprehensive income	-	-	-	-	95,018	(3,403)	91,615	(53)	91,562
<b>Balance as at 31 December 2023</b>	268,105	1,440,979	(58,231)	71,363	428,823	(13,025)	2,138,014	149,947	2,287,961

## Equity attributable to owners of the Company

	Share capital	Capital reserve*	Shares held for restricted shares incentive scheme*	Statutory reserves*	Retained earnings*	Translation reserve*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2024</b> . . .	268,105	1,440,979	(58,231)	71,363	428,823	(13,025)	2,138,014	149,947	2,287,961
Transactions with owners:									
Dividends declared . . . . .	-	-	-	-	(43,691)	-	(43,691)	-	(43,691)
Repurchase of awarded shares under restricted shares incentive scheme (note 34(a)) . . . . .	(63)	(327)	390	-	-	-	-	-	-
Vesting of awarded shares under restricted shares incentive scheme (note 34(a)) . . . . .	-	9,610	-	-	-	-	9,610	-	9,610
Release of awarded shares under restricted shares incentive scheme . . . . .	-	-	39,490	-	-	-	39,490	-	39,490
Share-based payment expense in respect of share options (note 34(b)) . . . . .	-	2,424	-	-	-	-	2,424	-	2,424
Appropriation to statutory reserves . . . . .	-	-	-	17,063	(17,063)	-	-	-	-
Others . . . . .	-	(1)	-	-	-	-	(1)	-	(1)
	(63)	11,706	39,880	17,063	(60,754)	-	7,832	-	7,832
Profit for the year . . . . .	-	-	-	-	166,681	-	166,681	360	167,041
Other comprehensive expense . . . . .	-	-	-	-	-	(1,845)	(1,845)	-	(1,845)
Total comprehensive income . . . . .	-	-	-	-	166,681	(1,845)	164,836	360	165,196
<b>Balance as at 31 December 2024</b> . . .	<u>268,042</u>	<u>1,452,685</u>	<u>(18,351)</u>	<u>88,426</u>	<u>534,750</u>	<u>(14,870)</u>	<u>2,310,682</u>	<u>150,307</u>	<u>2,460,989</u>

## Equity attributable to owners of the Company

	Share capital	Capital reserve*	Shares held for restricted shares incentive scheme*	Statutory reserve*	Retained earnings*	Translation reserves*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>( na di ed )</i>									
<b>Balance as at 1 January 2024</b> . . . . .	268,105	1,440,979	(58,231)	71,363	428,823	(13,025)	2,138,014	149,947	2,287,961
Transactions with owners:									
Dividend declared . . . . .	-	-	-	-	(35,650)	-	(35,650)	-	(35,650)
Repurchase of awarded shares under restricted share incentive scheme . . . . .	(63)	(327)	390	-	-	-	-	-	-
Vesting of awarded shares under restricted shares incentive scheme . . . . .	-	5,042	-	-	-	-	5,042	-	5,042
	(63)	4,715	390	-	(35,650)	-	(30,608)	-	(30,608)
Profit for the period . . . . .	-	-	-	-	80,004	-	80,004	4,575	84,579
Other comprehensive expense . . . . .	-	-	-	-	-	(4,660)	(4,660)	-	(4,660)
Total comprehensive income/(expense) . . . . .	-	-	-	-	80,004	(4,660)	75,344	4,575	79,919
<b>Balance as at 30 June 2024</b> . . . . .	<u>268,042</u>	<u>1,445,694</u>	<u>(57,841)</u>	<u>71,363</u>	<u>473,177</u>	<u>(17,685)</u>	<u>2,182,750</u>	<u>154,522</u>	<u>2,337,272</u>

## Equity attributable to owners of the Company

	Share capital	Capital reserve*	Shares held for restricted shares incentive scheme*	Statutory reserve*	Retained earnings*	Translation reserves*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2025</b> . . . . .	268,042	1,452,685	(18,351)	88,426	534,750	(14,870)	2,310,682	150,307	2,460,989
Transactions with owners:									
Dividend declared . . . . .	-	-	-	-	(58,969)	-	(58,969)	-	(58,969)
Release of awarded shares under restricted shares incentive scheme . . . . .	-	-	18,215	-	-	-	18,215	-	18,215
Share-based payment expense in respect of share options (note 34(b)) . . . . .	-	3,499	-	-	-	-	3,499	-	3,499
	-	3,499	18,215	-	(58,969)	-	(37,255)	-	(37,255)
Profit for the period . . . . .	-	-	-	-	120,905	-	120,905	(3,359)	117,546
Other comprehensive income . . . . .	-	-	-	-	-	1,930	1,930	-	1,930
Total comprehensive income . . . . .	-	-	-	-	120,905	1,930	122,835	(3,359)	119,476
<b>Balance as at 30 June 2025</b> . . . . .	<u>268,042</u>	<u>1,456,184</u>	<u>(136)</u>	<u>88,426</u>	<u>596,686</u>	<u>(12,940)</u>	<u>2,396,262</u>	<u>146,948</u>	<u>2,543,210</u>

\* These reserves accounts comprise the Group's reserves of RMB1,663,944,000, RMB1,869,909,000, RMB2,042,640,000 and RMB2,128,220,000 as at 31 December 2022, 2023, 2024 and 30 June 2025 respectively.

## Consolidated statements of cash flows

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Una dited)
<b>Cash flows from operating activities</b>						
Profit before income tax . . . . .		178,512	93,914	163,435	83,172	119,096
Adjustments for:						
Depreciation of property, plant and equipment . . . . .	14	141,714	130,583	123,951	63,168	58,743
Depreciation of right-of-use assets . . . .	15	49,396	50,688	42,470	21,698	12,066
Amortisation of prepaid lease payment . .	16	–	59	711	356	356
Amortisation of intangible assets . . . . .	18	103,341	112,791	127,825	67,886	69,232
Exchange gains/(loss), net. . . . .	6	(35,010)	(31,790)	(14,436)	10,142	(13,652)
Finance costs . . . . .	7	57,903	61,123	52,890	32,132	24,263
Provision for inventories, net . . . . .	8	18,512	3,741	4,114	1,785	3,369
Share-based payment expense. . . . .	34	20,596	35,027	12,034	5,042	3,499
(Reversal)/provision for ECL allowances	8	(27,751)	(4,698)	1,351	4,288	5,587
Gain on disposal of a subsidiary . . . . .	6	–	–	(6,281)	–	–
Gain on investment in a swap contract . .		–	–	(64)	–	–
Loss/(Gain) on disposal of property, plant and equipment . . . . .		466	188	(2,005)	(1,932)	(26)
		507,679	451,626	505,995	287,737	282,533
Operating profit before working capital changes:						
(Increase)/Decrease in inventories. . . . .		(507,486)	152,345	(116,204)	(145,398)	(296,120)
(Increase)/Decrease in trade and other receivables . . . . .		(727,825)	473,542	(191,365)	139,871	(389,281)
Increase/(Decrease) in trade and other payables . . . . .		785,682	(911,921)	380,152	65,383	226,782
Increase/(Decrease) in contract liabilities . .		4,670	33,466	(12,028)	(16,478)	(8,576)
Cash generated from operating activities . .		62,720	199,058	566,550	331,115	(184,662)
Income tax paid . . . . .		(6,465)	(56,116)	(4,580)	(944)	(5,205)
Net cash generated from/(sed in) operating activities . . . . .		56,255	142,942	561,970	330,171	(189,867)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Notes</i>					
				(Una dited)	
<b>Cash flows from investing activities</b>					
Payments and deposits for acquisition of property, plant and equipment, and intangible assets . . . . .	(179,718)	(167,596)	(306,583)	(113,646)	(326,418)
Payments for acquisition of prepaid lease payment . . . . .	–	(35,565)	–	–	–
Payments for acquisition of subsidiaries . . . . .	(21,510)	–	–	–	–
Proceeds from disposal of a subsidiary . . . . .	–	–	6,281	–	–
Proceeds from disposal of property, plant and equipment . . . . .	7,587	8,616	6,290	1,771	1,817
Payments for other financial assets . . . . .	–	(10,000)	–	–	–
Proceeds from investment in a swap contract upon maturity . . . . .	–	–	20,350	–	–
Payments for investment in a swap contract . . . . .	–	–	(20,286)	(20,286)	–
<i>Net cash used in investing activities . . . . .</i>	<u>(193,641)</u>	<u>(204,545)</u>	<u>(293,948)</u>	<u>(132,161)</u>	<u>(324,601)</u>
<b>Cash flows from financing activities</b>					
Proceeds from bank borrowings . . . . .	1,432,719	1,727,924	1,640,585	795,755	1,313,148
Repayments of bank borrowings . . . . .	(1,253,841)	(1,530,185)	(1,668,561)	(760,547)	(623,863)
Proceeds from other borrowings . . . . .	265,550	–	–	–	–
Repayments of other borrowings . . . . .	(184,559)	(249,303)	(43,107)	(37,718)	–
Payments of lease liabilities . . . . .	(52,707)	(57,359)	(43,778)	(31,800)	(13,595)
Interest paid . . . . .	(34,390)	(33,849)	(43,891)	(26,856)	(19,692)
Issuance of awarded shares under restricted shares incentive scheme . . . . .	59,000	–	–	–	–
Exercise of share options . . . . .	–	85,855	–	–	–
Capital injection from non-controlling interest . . . . . 19(a)	–	150,000	–	–	–
Dividend paid . . . . .	–	–	(41,981)	–	(60,054)
Payments of deferred listing expenses . . . . .	–	–	–	–	(10,841)
<i>Net cash generated from/( used in) financing activities . . . . .</i>	<u>231,772</u>	<u>93,083</u>	<u>(200,733)</u>	<u>(61,166)</u>	<u>585,103</u>
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>94,386</b>	<b>31,480</b>	<b>67,289</b>	<b>136,844</b>	<b>70,635</b>
<b>Cash and cash equivalents, at the beginning of the year/period . . . . .</b>	<b>225,311</b>	<b>354,707</b>	<b>417,977</b>	<b>417,977</b>	<b>507,341</b>
<b>Effect of exchange rate changes on cash and cash equivalents . . . . .</b>	<b>35,010</b>	<b>31,790</b>	<b>22,075</b>	<b>24,254</b>	<b>10,255</b>
<b>Cash and cash equivalents, at the end of the year/period . . . . . 23</b>	<u><u>354,707</u></u>	<u><u>417,977</u></u>	<u><u>507,341</u></u>	<u><u>579,075</u></u>	<u><u>588,231</u></u>

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1. GENERAL INFORMATION**

CIG Shanghai Co., Ltd. (the “Company”) was incorporated in March 2006 as a limited liability company in Shanghai, the People’s Republic of China (the “PRC”). In June 2012, the Company was transformed into a joint stock limited liability company. In November 2017, the Company’s A shares were listed on the Shanghai Stock Exchange.

The Company and its subsidiaries (the “Group”) are principally engaged in the research and development, production and sales of telecommunications, digital communication and enterprise network terminal equipment and high-speed optical module products.

In the opinion of the directors, the Company is controlled by the Single Largest Group of Shareholders.

The Company has direct and indirect interests in the following subsidiaries. Details of the principal subsidiaries are as follows:

Name of company	Place of establishment/ incorporation and place of business	Type of legal entity	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest								Principal activities		
				As at 31 December				As at 30 June						
				2022		2023		2024		2025			As at the date of this report	
Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	(%)				
CIG Shanghai Communication Equipment Co., Ltd.* (上海 劍橋通訊設備有限公司) (note a) . . . . .	The PRC	Limited company	RMB205,000,000	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Trading
Actiontec Electronic (Shanghai), Inc.* ("Actiontec Shanghai") (邁智電子(上 海)有限公司) (note a) . . . . .	The PRC	Limited company	RMB1,654,595	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Research and development
CIG Xi'an Co., Ltd.* (西安劍 橋科技有限公司) (note e) . . . . .	The PRC	Limited company	RMB10,000,000	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Research and development
CIG Wuhan Co., Ltd.* (上海劍 橋科技(武漢)有限公司) (note a) . . . . .	The PRC	Limited company	RMB10,000,000	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Manufacturing
Cambridge Industries Group Telecommunication Limited (note b) . . . . .	Hong Kong	Limited company	HK\$1	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	Trading
CIG Photonics Japan Limited (note f) . . . . .	Japan	Limited company	JPY10,000	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	Research and development
CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江 劍橋通信設備有限公司) ("CIG ZJ") (note d) . . . . .	The PRC	Limited company	RMB450,000,000	N/A	N/A	66.67%	N/A	66.67%	N/A	66.67%	N/A	66.67%	N/A	Manufacturing

Name of company	Place of establishment/ incorporation and place of business	Type of legal entity	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest												Principal activities				
				As at 31 December				As at 30 June				As at the date of this report								
				2022		2023		2024		2025		Direct		Indirect			Direct		Indirect	
				(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		(%)	(%)	(%)	
CIG Optical Communication Co., Ltd.* (上海劍橋光通信技術有限公 司) (note a) . . . . .	The PRC	Limited company	RMB5,000,000	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Manufacturing		
CIG Photonics Europe GmbH (note f) . . . . .	Germany	Limited company	EUR25,000	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Trading		
Cambridge Industries USA Inc. ("CIG US") (劍橋工業(美國) 有限公司) (note c) . . . . .	USA	Limited company	US\$42,000,010	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	Research and development, and trading		
Actiontec Electronic, Inc. ("AEI") (note f) . . . . .	USA	Limited company	US\$10	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	Research and development, and trading		
Actiontec Electronics Taiwan Inc. (邁智電子股份有限公司) (note f) . . . . .	Taiwan	Limited company	TWD9,999,290	N/A	N/A	N/A	N/A	100%	100%	N/A	N/A	100%	100%	N/A	N/A	100%	100%	Research and development		
CIG Optics Limited (note f) . . . . .	Hong Kong	Limited Company	HK\$10,000	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	N/A	100%	100%	Trading		
CIG Tech Photonics Sdn. Bhd. (note f) . . . . .	Malaysia	Limited Company	MYR1,000	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	100%	N/A	N/A	100%	100%	Trading		

---

*Notes:*

- (a) These subsidiaries are limited liability companies. The financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The financial statements for the years ended 31 December 2022 and 2023 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP\* 立信會計師事務所(特殊普通合夥). The financial statements for the year ended 31 December 2024 were audited by Grant Thornton Zhitong Certified Public Accountants LLP\* 致同會計師事務所(特殊普通合夥).
- (b) This subsidiary is a limited company. The financial statements for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by The Hong Kong Institute of Certified Public Accountants. The financial statements for the years ended 31 December 2022, 2023 and 2024 were audited by W.L. HO CPA Limited.
- (c) The subsidiary is a limited liability company. The financial statements for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with accounting principles generally accepted in the United States of America (the "USA") and were audited by UHY LLP.
- (d) This subsidiary is limited liability company. The financial statements of this entity for the years ended 31 December 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The financial statements for the year ended 31 December 2023 and 2024 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP\* 立信會計師事務所(特殊普通合夥) and Grant Thornton Zhitong Certified Public Accountants LLP\* 致同會計師事務所(特殊普通合夥), respectively.
- (e) The subsidy is a limited liability company. No audited statutory financial statements for the years ended 31 December 2022 and 2023 of this entity have been prepared as it is not subject to statutory audit requirements under relevant rules and regulations in the PRC. The financial statements for the year ended 31 December 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance in the PRC. The financial statements for the year ended 31 December 2024 were audited by Grant Thornton Zhitong Certified Public Accountants LLP\* 致同會計師事務所(特殊普通合夥).
- (f) No audited statutory financial statements have been prepared as it is not subject to statutory audit requirements under relevant rules and regulations in the jurisdiction of incorporation.
- \* English for identification only

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

The Historical Financial Information have been prepared in accordance with the International Financial Reporting Standards, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards ("IASs") and Interpretations as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards").

All standards, amendments, interpretations and annual improvements which are effective for the accounting period beginning from 1 January 2025 are consistently adopted by the Group during the Track Record Period.

The material accounting policies that have been used in the preparation of these Historical Financial Information are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

These Historical Financial Information have been prepared on a going concern basis, under the historical cost convention, except for certain financial assets at fair value through profit or loss ("FVTPL") which are carried at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

## 2.2 Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries for the Track Record Period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the Track Record Period between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss (see note 2.20) unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at each reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

### 2.3 Acquisition of subsidiaries

#### *B ine combina ion*

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree. If the initial accounting for a business combination is incomplete by each reporting date in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## 2.4 Foreign currency translation

## 2.6 Prepaid lease payments

- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

## 2.9 Financial instruments

### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### *Financial assets*

#### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers” (“IFRS 15”), all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- FVTPL; or

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses (“ECL”) of trade and other receivables which is presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

*Subsequent measurement of financial assets*

## Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, pledged deposits, trade and other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

***Financial liabilities****Classification and measurement of financial liabilities*

The Group's financial liabilities include bank and other borrowings, lease liabilities and trade and bills payables, other payables and accruals.

Financial liabilities other than lease liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities other than lease liabilities are measured at amortised cost using the effective interest method which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in financial costs or other income.

Accounting policies of lease liabilities are set out in note 2.14.

## Bank and other borrowings

Bank and other borrowings are recognised initially at fair value, net of transaction costs incurred. Bank and other borrowings are subsequently stated at amortised cost; any difference between the net of transaction costs and the redemption value is recognised in profit or loss over the period of the bank and other borrowings using the effective interest method.

Bank and other borrowings are classified as current liabilities unless as at each reporting date, the Group has a right to defer settlement of the liability for at least twelve months after each reporting date.

## Trade and bills payables and other payables and accruals

Trade and bills payables and other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

## 2.10 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at each reporting date.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### *Trade and bills receivable*

For trade and bills receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial assets. For trade receivables, the Group assesses ECL under IFRS 9 based on shared credit risk characteristics and aging as well as the corresponding historical credit losses during that period, and adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group writes off trade and bills receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

### *Other financial assets measured at amortised cost*

The Group measures the loss allowance for deposits and other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at each reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortised cost are set out in note 39.5.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset (except for those meeting the definition of investment properties) for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statements of financial position, right-of-use assets have been presented as a separate item. The prepaid lease payments for leasehold land are presented as "Prepaid lease payments" under non-current assets.

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

**(b) The Group as a lessor**

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group sub-leases some of its properties and the sub-lease contracts are classified as operating leases.

Rental income is recognised on a straight-line basis over the term of the lease.

**(c) Sale and leaseback arrangement**

*The Group as a seller-lessee*

For a transfer that satisfies the requirements as a sale in accordance with IFRS 15, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only. Right-of-use asset and lease liability with fixed payments are subsequently measured in accordance with the Group's accounting policies above.

**2.15 Provisions and contingent liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

**2.16 Share capital**

**2.17 Revenue recognition**

Revenue arises mainly from the sales of goods.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

***Sale of good***

Revenue from the sale of goods for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. For non-cross-border sales, revenue is recognised when the products have been dispatched and the customer has signed for acceptance. For cross-border sales, revenue is recognised when the goods are delivered to the customer's designated location and upon receipt of export declaration from the customs and corresponding bill of lading.

The Group's standard sales terms are generally non-cancellable and non-returnable, other than for defective merchandise covered under the Group's standard warranty provision, which covers a one to two-year period depending on the product. The Group does not offer any extended warranties for purchase and warranty is recorded in cost of sales.

Sales-related warranties cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

***Interest income***

Interest income is recognised on a time proportion basis using the effective interest method. The financial assets measured at amortised costs that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

***Rental income***

Accounting policies for rental income are set out in note 2.14.

## 2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as “deferred income” in the consolidated statements of financial position and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets/deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Government grants relating to income is presented in gross under “other income” in the consolidated statements of profit or loss and other comprehensive income.

## 2.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## 2.20 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill;
- Intangible assets;
- Property, plant and equipment (including right-of-use assets and deposits for acquisition of property, plant and equipment, and intangible assets);
- Prepaid lease payments; and
- Investments in subsidiaries in the Company’s statements of financial position.

Goodwill and intangible assets those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.21 Employee benefits

### *Retirement benefits*

The Group contributes to defined contribution retirement plans which are available to eligible employees.

Contributions to the plans by the Group are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contributions payable by the Group to the funds.

During the Track Record Period, no forfeited contributions were utilised by the Group to reduce its contributions. The Group has no plan to utilise any amount from forfeited contributions to reduce its contributions for the future years either.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

### *Housing fund, medical insurance and other social insurance*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable at each reporting date.

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to each reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for any related restructuring.

### *Share-based employee compensation*

The Group operates restricted shares incentive schemes and share options schemes which are equity-settled share-based compensation plans for remuneration of its employees.

#### *Restricted shares incentive schemes*

The amount to be expensed as share-based payment expense is determined by reference to the fair value of the restricted shares granted. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a "capital reserve" under equity.

For those restricted shares which are amortised over the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at each reporting date. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to share-based payment expense in the current year, with a corresponding adjustment to the capital reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted shares incentive scheme" and deducted from equity.

#### *Share option scheme*

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based payment expenses are treated as part of the "Investments in subsidiaries" in the Company's statements of financial position.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "capital reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequent revised, if there is any indication that the number

recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 "Income Taxes" ("IAS 12") to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at each reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) 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.

**2.24 Segment reporting**

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker ("CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

**2.25 Related parties**

For the purposes of these Historical Financial Information, 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 if 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.
- (b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).
  - (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).
  - (viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a group are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**3. ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS**

At the date of authorisation of these Historical Financial Information, certain new and amended IFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to IFRS 9 and IFRS 7 . . . . .	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to IFRS 9 and IFRS 7 . . . . .	Contracts Referencing Nature – Dependent Electricity <sup>1</sup>
IFRS 18 . . . . .	Presentation and Disclosure in Financial Statements <sup>2</sup>
IFRS 19 . . . . .	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to IFRS Accounting Standards . .	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendments to IFRS 10 and IAS 28 . . . . .	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

- 
- 1 Effective for annual periods beginning on or after 1 January 2026
  - 2 Effective for annual periods beginning on or after 1 January 2027
  - 3 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first annual period beginning on or after the effective date of the pronouncement.

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements" ("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the consolidated financial statements and improve aggregation and disaggregation of information to be disclosed in the consolidated financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements which, the directors of the Company anticipate, the impact will not be material.

Except as described above, the Directors anticipate that the application of the amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and performance in the foreseeable future.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1 Estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### ***E* *ima* *ion* *of* *im* *ai* *men* *of* *ade* *and* *bill* *receivable* , *and* *de* *o* *i* *and* *othe* *receivable***

The Group makes allowances on items subjects to ECL (including trade and bills receivables, and

*C en and defe ed income a e*

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*Ne eali able al e of in en o ie*

Net realisable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at each reporting date. During the Track Record Period, the provision for inventories, net, amounting to RMB18,512,000, RMB3,741,000, RMB4,114,000 and RMB3,369,000 have been provided during the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, respectively.

*Im ai men of non-financial a e*

Items of property, plant and equipment, right-of-use assets, prepaid lease payments, deposits for acquisition of property, plant and equipment, and intangible assets and investments in subsidiaries in the Company's statements of financial position and intangible assets are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each cash-generating unit ("CGU"). For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statements of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

*B ine combina ion*

Business combinations other than under common control are accounted for under the acquisition method. The determination and allocation of fair values to the identifiable assets acquired, which mainly include determination of goodwill, is based on various assumptions and valuation methodologies requiring considerable management judgement. The most significant variables in these valuations are discount rates as well as the assumptions and estimates used to determine the cash inflows and outflows. The Group determines discount rates to be used based on the risk inherent in the related activity's current business model of the acquired business and the industry comparisons. Although the Group believes that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material. Details are disclosed in notes 17 and 38.

*Im ai men of good ill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.20. The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenue and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. In addition, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the trends in inflation and market interest rates may progress or evolve. Details of the estimates of the recoverable amounts of CGU containing goodwill are disclosed in note 17.

*Useful life of property, plant and equipment (other than right-of-use assets) and intangible assets*

The Group depreciates the property, plant and equipment (other than right-of-use assets) and intangible assets over the estimated useful lives, using the straight-line method, commencing from the date the property, plant and equipment and intangible assets are available for use. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment (other than right-of-use assets) and intangible assets. The Group assesses annually the useful lives of property, plant and equipment (other than right-of-use assets) and intangible assets, and if the expectation differs from the original estimate, such a difference may impact the depreciation for the Track Record Period and the future period.

*Estimation of fair value of share options at the date of grant*

The Company used the Black-Scholes Option Pricing Model to determine the fair value of the share options as at the grant date, which is to be recorded in profit or loss over the vesting period. The model inputs are set out in note 34(b). During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, RMB4,976,000, RMB990,000, RMB2,424,000 and RMB3,499,000 of employee compensation expenses, have been recognised in profit or loss respectively.

*Estimation of fair value of other financial assets*

As at 31 December 2022, 2023, 2024 and 30 June 2025, financial assets at FVTPL that are not traded in an active market including unlisted equity investments were carried at fair value of RMB4,560,000, RMB14,560,000, RMB14,560,000 and RMB14,560,000 respectively. The fair values are determined by using valuation techniques, details of which are set out in note 39.7. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at each reporting date.

**4.2 Critical accounting judgements***Capitalisation of research and development costs*

Determining the development costs, including the time and costs for individual projects, to be capitalised requires estimations and assumptions based on the expected future economic benefits to be generated by the products resulting from these development costs. Other important estimations and assumptions in this assessment process are the feasibility of mass production, the distinction between research and development and the estimated useful life.

Careful judgement by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at each reporting date. In addition, all internal activities related to the research and development of new software, products or know how are continuously monitored by the Group's management.

*Determination of the lease term and discount rate*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension options, or not exercise a termination option. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by the Group;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs); and

- extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities and corresponding right-of-use assets.

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification.

## 5. REVENUE AND SEGMENT INFORMATION

### 5.1 Revenue

During the Track Record Period, the Group was mainly engaged in the design, manufacture, and sale of broadband, wireless, and photonics products. Revenue from contracts with customers recognised at a point in time.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
<b>Types of goods</b>					
– Broadband products . . . . .	2,059,278	1,827,146	2,032,689	975,732	1,192,642
– Wireless products . . . . .	1,056,051	718,518	1,052,400	551,193	415,166
– Photonics products . . . . .	478,215	446,680	491,527	202,041	394,216
– Others ( <i>note</i> ) . . . . .	190,195	93,018	73,273	32,442	31,999
<b>Total</b> . . . . .	<u>3,783,739</u>	<u>3,085,362</u>	<u>3,649,889</u>	<u>1,761,408</u>	<u>2,034,023</u>

*Note:* Primarily included carrier-grade ethernet switches and edge computing products.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

### 5.2 Segment information

During the Track Record Period, the executive directors of the Company, being the CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, other than the entity-wide disclosure, no segment analysis is presented.

#### *Geographical information*

The following table sets out the geographical information of the Group's revenue during the Track Record Period, which was determined based on geographical region of the customers.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
<b>Geographical markets</b>					
Chinese Mainland . . . . .	647,799	331,358	270,360	133,832	121,824
Other countries/other regions . . . . .	3,135,940	2,754,004	3,379,529	1,627,576	1,912,199
<b>Total</b> . . . . .	<u>3,783,739</u>	<u>3,085,362</u>	<u>3,649,889</u>	<u>1,761,408</u>	<u>2,034,023</u>

The following table sets out information about the Group's property, plant and equipment, right-of-use assets, prepaid lease payments, goodwill, intangible assets and deposits for acquisition of property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets or the location of operations. In the case of property, plant and equipment, prepaid lease payments, deposits for acquisition of property, plant and equipment, and right-of-use assets, the physical location of the assets, in the case of goodwill and intangible assets and deposits for acquisition of intangible assets, the location of operations.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Geographical locations</b>				
Chinese Mainland . . . . .	848,294	786,837	914,338	1,212,240
Other countries/other regions . . . . .	522,208	648,498	594,297	601,260
<b>Total . . . . .</b>	<u>1,370,502</u>	<u>1,435,335</u>	<u>1,508,635</u>	<u>1,813,500</u>

#### Information about major customers

The following table sets out the revenue from the Group's customers which individually contributed over 10% of the Group's revenue during the Track Record Period.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A . . . . .	1,269,705	1,114,738	1,525,833	736,344	848,919
Customer B . . . . .	471,107	630,150	N/A*	184,532	380,126
Customer C . . . . .	N/A*	N/A*	471,561	229,460	N/A*
Customer D . . . . .	N/A*	N/A*	N/A*	N/A*	223,592

\* Revenue from the customer during the year/period did not individually exceeds 10% of the Group's revenue.

#### 6. OTHER INCOME AND OTHER GAINS/(LOSS), NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>Other income</b>					
Government subsidies (note a) . . . . .	16,575	10,096	30,950	26,758	9,570
Interest income . . . . .	1,411	7,293	16,399	11,023	3,527
Others . . . . .	2,020	1,493	2,314	1,119	1,330
	<u>20,006</u>	<u>18,882</u>	<u>49,663</u>	<u>38,900</u>	<u>14,427</u>
<b>Other gains/(loss), net</b>					
Exchange gains/(loss), net . . . . .	35,010	31,790	14,436	(10,142)	13,652
Gain on disposal of subsidiary (note b) . . . . .	–	–	6,281	–	–
Others . . . . .	(234)	(657)	3,741	3,051	313
	<u>34,776</u>	<u>31,133</u>	<u>24,458</u>	<u>(7,091)</u>	<u>13,965</u>

*Notes:*

- a. In addition to the government subsidies received in relation to the acquisition and/or construction of property, plant and equipment, the Group also received government grants for supporting the Group's operation unconditionally. During the year ended 31 December 2024, the Group received RMB15,000,000 from the Commission of China-Singapore Jiashan Modern Industrial Park for its operation.
- b. During the year ended 31 December 2024, the Group disposed a wholly-owned subsidiary.

**7. FINANCE COSTS**

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
Interests on bank borrowings . . . . .	39,115	34,923	43,640	27,058	20,865
Interests on other borrowings . . . . .	13,247	21,941	1,498	1,104	–
Interests on lease liabilities . . . . .	5,541	4,259	7,752	3,970	3,398
	<u>57,903</u>	<u>61,123</u>	<u>52,890</u>	<u>32,132</u>	<u>24,263</u>

**8. PROFIT BEFORE INCOME TAX**

Profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
Auditors' remuneration . . . . .	2,918	3,096	3,147	1,643	1,415
Depreciation:					
– Owned assets . . . . .	141,714	130,583	123,951	63,168	58,743
– Right-of-use assets . . . . .	49,396	50,688	42,470	21,698	12,066
<b>Total depreciation</b> . . . . .	<u>191,110</u>	<u>181,271</u>	<u>166,421</u>	<u>84,866</u>	<u>70,809</u>
Amortisation of intangible assets . . . . .	103,341	112,791	127,825	67,886	69,232
Amortisation of prepaid lease payment . . . . .	–	59	711	356	356
Cost of inventories recognised as an expense . . . . .	2,605,292	2,056,286	2,471,156	1,175,488	1,308,116
Listing expenses . . . . .	–	–	–	–	2,147
Provision for inventories . . . . .	18,512	3,741	6,510	1,979	5,124
Reversal of provision for inventories . . . . .	–	–	(2,396)	(194)	(1,755)
<b>Total provision, net</b> . . . . .	<u>18,512</u>	<u>3,741</u>	<u>4,114</u>	<u>1,785</u>	<u>3,369</u>
Lease charges:					
– Short-term leases . . . . .	5,009	3,871	5,888	2,184	14,621
Reversal of ECL allowances on bills receivables . . . . .	–	–	(97)	(155)	(58)
ECL allowances on bills receivables . . . . .	–	155	–	–	–
Reversal of ECL allowances on trade receivables . . . . .	(25,353)	(4,864)	–	–	–
ECL allowances on trade receivables . . . . .	–	–	1,627	2,274	4,367
Reversal of ECL allowances on deposits and other receivables . . . . .	(2,398)	–	(179)	–	–
ECL allowances on deposits and other receivables . . . . .	–	11	–	2,169	1,278
<b>Total (reversal)/provision, net.</b> . . . . .	<u>(27,751)</u>	<u>(4,698)</u>	<u>1,351</u>	<u>4,288</u>	<u>5,587</u>

## 9. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
<b>Current tax</b>					
PRC enterprise income tax ("EIT") . . .	3,650	84	303	11	–
US income tax . . . . .	7,135	1,816	3,205	–	2,723
Japan corporate income tax . . . . .	2,732	(1,321)	82	–	–
Germany income tax . . . . .	–	10	–	–	–
	<u>13,517</u>	<u>589</u>	<u>3,590</u>	<u>11</u>	<u>2,723</u>
<b>(Over)/Under provision for prior year</b>					
PRC EIT . . . . .	–	–	(80)	–	83
US income tax . . . . .	–	–	30	–	60
	<u>–</u>	<u>–</u>	<u>(50)</u>	<u>–</u>	<u>143</u>
	<u>13,517</u>	<u>589</u>	<u>3,540</u>	<u>11</u>	<u>2,866</u>
<b>Deferred taxation</b>					
Origination and reversal of temporary difference (note 31) . . . . .	<u>(6,111)</u>	<u>(1,640)</u>	<u>(7,146)</u>	<u>(1,418)</u>	<u>(1,316)</u>
Income tax expense/(credit) . . . . .	<u>7,406</u>	<u>(1,051)</u>	<u>(3,606)</u>	<u>(1,407)</u>	<u>1,550</u>

## (a) PRC EIT

The Company was accredited as High and New Technology Enterprise on 12 December 2020 and 15 November 2023, and therefore entitled to a preferential tax rate of 15% for three years ended 15 November 2023 and 15 November 2026, respectively. The Group's other PRC subsidiaries are subject to the PRC enterprise income tax at the standard rate of 25% on the estimated assessable profits.

In addition, according to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

## (b) US income tax

The applicable state income tax rate in the United States, where the Company's subsidiaries have significant operations for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, ranges from 4%-8.99%, while the federal income tax rate is 21%.

## (c) Japan corporate income tax

Japan corporate income tax include national corporate income tax, inhabitants tax, and enterprise tax, and has been calculated on the estimated assessable profit for the year. During the Track Record Period, the aggregated rates of national corporate income tax, inhabitants tax, and enterprise tax resulted in statutory income tax rate of 35%.

## (d) Hong Kong profit tax

During the Track Record Period, no Hong Kong profit tax has been provided as the Company's subsidiaries have no assessable profit for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025.

## (e) Germany income tax

Germany taxes its corporate residents on their worldwide income. Corporation tax is levied at a uniform rate of 15% and is then subject to a surcharge (solidarity surcharge). This results in a total tax rate of 19%.

Reconciliation between tax expense/(credit) and accounting profit at applicable tax rates is as follow:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Una dited)	RMB'000
Profit before income tax . . . . .	178,512	93,914	163,435	83,172	119,096
Tax on profit before income tax, calculated at the Company's rate, 15% . . . . .	26,777	14,087	24,515	12,476	17,864
Tax effect of non-deductible expenses . . . . .	102	461	117	752	50
Tax effect of tax losses/deductible temporary differences not recognised . . . . .	14,278	15,922	7,275	5,615	15,258
Utilisation of tax losses previously not recognised . . . . .	(42,751)	(2,723)	(3,568)	(3,019)	(9,726)
Effect of different tax rates of subsidiaries operating in other jurisdictions . . . . .	30,522	(1,274)	(2,816)	(2,801)	(2,203)
Research and development expenses and other additional deduction as required by taxation laws . . . . .	(21,262)	(28,887)	(29,510)	(14,266)	(14,880)
(Over)/Under-provision in prior year . . . . .	–	–	(50)	–	143
Others . . . . .	(260)	1,363	431	(164)	(4,956)
<b>Income tax expense/(credit) . . . . .</b>	<b>7,406</b>	<b>(1,051)</b>	<b>(3,606)</b>	<b>(1,407)</b>	<b>1,550</b>

#### 10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Una dited)	RMB'000
Wages, salaries and bonuses . . . . .	322,449	309,979	289,967	155,489	167,529
Share based payment expenses . . . . .	20,596	35,027	12,034	5,042	3,499
Contribution to retirement benefit schemes . . . . .	36,388	29,818	49,637	24,141	28,687
Other employee benefits . . . . .	42,788	33,323	50,300	26,790	28,258
	422,221	408,147	401,938	211,462	227,973

#### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

##### 11.1 Directors' Emoluments

The emoluments paid or payable to each of the directors and supervisors were as follows:

	Year ended 31 December 2022				
	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Exec ti e directors</i>					
Gerald G Wong (chairman) . . . . .	–	2,610	–	–	2,610
Zhao Haibo . . . . .	–	1,707	65	–	1,772

## Year ended 31 December 2022

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Wang Zhibo (i) . . . . .	–	389	20	11	420
Xie Chong (ii) . . . . .	–	1,410	–	177	1,587
Zhang Jie (iii) . . . . .	–	514	35	131	680
<i>Independent non-executive directors</i>					
Liu Guisong . . . . .	80	–	–	–	80
Qin Guisen . . . . .	80	–	–	–	80
Yao Minglong . . . . .	80	–	–	–	80
<i>Supervisors</i>					
Ge Yunrui ( ) . . . . .	–	121	18	–	139
Li Peng (i) . . . . .	–	24	3	–	27
Yang Xudi (ik) . . . . .	–	639	65	–	704
Zhang Deyong (ik) . . . . .	–	705	65	–	770
	<u>240</u>	<u>8,119</u>	<u>271</u>	<u>319</u>	<u>8,949</u>

## Year ended 31 December 2023

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors</i>					
Gerald G Wong (chairman) . . . . .	–	2,610	–	–	2,610
Xie Chong (ii) . . . . .	–	1,464	–	249	1,713
Zhang Jie (iii) . . . . .	–	985	70	255	1,310
Zhao Haibo . . . . .	–	1,711	70	–	1,781
<i>Independent non-executive directors</i>					
Liu Guisong . . . . .	80	–	–	–	80
Qin Guisen . . . . .	80	–	–	–	80
Yao Minglong . . . . .	80	–	–	–	80
<i>Supervisors</i>					
Yuan Yuan (i) . . . . .	–	91	12	–	103
Li Peng (i) . . . . .	–	54	6	–	60
Yang Xudi (ik) . . . . .	–	713	70	–	783
Zhang Deyong (ik) . . . . .	–	705	70	–	775
	<u>240</u>	<u>8,333</u>	<u>298</u>	<u>504</u>	<u>9,375</u>

## Year ended 31 December 2024

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Ekec ti e directors</i>					
Gerald G Wong (chairman) . . . . .	–	2,611	–	–	2,611
Xie Chong (ii) . . . . .	–	552	–	29	581
Zhao Haibo . . . . .	–	1,711	73	–	1,784
Zhao Hongwei ( ii) . . . . .	–	775	46	12	833
Zhang Jie (iii) . . . . .	–	1,081	73	75	1,229
<i>Independent non-ekc ti e directors</i>					
Liu Guisong . . . . .	92	–	–	–	92
Qin Guisen . . . . .	92	–	–	–	92
Yao Minglong . . . . .	92	–	–	–	92
<i>S per isors</i>					
Yin Ying ( iii) . . . . .	–	132	14	–	146
Yang Xudi (ik) . . . . .	–	313	27	–	340
Yuan Yuan ( i) . . . . .	–	155	19	–	174
Wang Huan ( iii) . . . . .	–	120	14	–	134
Zhang Deyong (ik) . . . . .	–	328	27	–	355
	<u>276</u>	<u>7,778</u>	<u>293</u>	<u>116</u>	<u>8,463</u>

## Six months ended 30 June 2024 (unaudited)

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Ekec ti e directors</i>					
Gerald G Wong (chairman) . . . . .	–	1,306	–	–	1,306
Xie Chong (ii) . . . . .	–	552	–	29	581
Zhao Haibo . . . . .	–	856	36	–	892
Zhao Hongwei ( ii) . . . . .	–	183	36	5	224
Zhang Jie (iii) . . . . .	–	537	36	34	607
<i>Independent non-ekc ti e directors</i>					
Liu Guisong . . . . .	42	–	–	–	42
Qin Guisen . . . . .	42	–	–	–	42
Yao Minglong . . . . .	42	–	–	–	42
<i>S per isors</i>					
Yin Ying ( iii) . . . . .	–	27	3	–	30
Yang Xudi (ik) . . . . .	–	313	27	–	340
Yuan Yuan ( i) . . . . .	–	74	9	–	83
Wang Huan ( iii) . . . . .	–	29	3	–	32
Zhang Deyong (ik) . . . . .	–	328	27	–	355
	<u>126</u>	<u>4,205</u>	<u>177</u>	<u>68</u>	<u>4,576</u>

Six months ended 30 June 2025

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Ekec ti e directors</i>					
Gerald G Wong (chairman) . . . . .	–	1,305	–	–	1,305
Zhao Haibo . . . . .	–	855	37	–	892
Zhao Hongwei ( <i>ii</i> ) . . . . .	–	619	37	15	671
Zhang Jie ( <i>iii</i> ) . . . . .	–	548	37	15	600
<i>Independent non-ekc ti e directors</i>					
Liu Guisong. . . . .	50	–	–	–	50
Qin Guisen . . . . .	50	–	–	–	50
Yao Minglong . . . . .	50	–	–	–	50
<i>S per isors</i>					
Yin Ying ( <i>iii</i> ) . . . . .	–	100	11	–	111
Yuan Yuan ( <i>i</i> ) . . . . .	–	71	10	–	81
Wang Huan ( <i>iii</i> ). . . . .	–	95	12	–	107
	<u>150</u>	<u>3,593</u>	<u>144</u>	<u>30</u>	<u>3,917</u>

- (i) Wang Zhibo was resigned as director of the Company on 28 April 2022.
- (ii) Xie Chong was resigned as director of the Company on 14 June 2024.
- (iii) Zhang Jie was appointed as director of the Company on 28 June 2022.
- (iv) Li Peng was appointed and resigned as supervisor on 31 October 2022 and 25 April 2023 respectively.
- (v) Ge Yunrui was resigned as supervisor on 31 October 2022.
- (vi) Yuan Yuan was appointed as supervisor on 25 April 2023.
- (vii) Zhao Hongwei was appointed as director of the Company on 14 June 2024.
- (viii) Yin Ying and Wang Huan were appointed as supervisor on 17 May 2024.
- (ix) Yang Xudi and Zhang Deyong were resigned as supervisor on 17 May 2024.
- (x) On 16 June 2025, at an extraordinary shareholders' meeting, resolution was made to dismiss the supervisory board.

**11.2 Five highest paid individuals emoluments**

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2024 and 2025 include 1, 1, 1, 1 and 1 director whose emoluments were disclosed in Note 11.1 above. The aggregate of the emoluments of the remaining 4, 4, 4, 4 and 4 individuals for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025 were as follows:

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
=====	=====	=====	=====	=====

The final dividend of RMB1.33 per 10 shares, totaling RMB35,650,000, for the year ended 31 December 2023 proposed after the 31 December 2023 has not been recognised as a liability as at 31 December 2023.

The final dividend of RMB0.22 per share, totaling RMB58,969,000, for the year ended 31 December 2024 proposed after the 31 December 2024 has not been recognised as a liability as at 31 December 2024.

### 13. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue excluding shares held for share award schemes during the Track Record Period.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(Una dated)</i>	
Profit attributable to owners of the Company (RMB'000) . . . . .	171,106	95,018	166,681	80,004	120,905
Weighted average number of ordinary shares in issue excluding shares held for share award schemes (thousand shares) . . . . .	252,221	258,347	264,417	263,719	265,593
Basic EPS (RMB per share) . . . . .	<u>0.68</u>	<u>0.37</u>	<u>0.63</u>	<u>0.30</u>	<u>0.46</u>

#### (b) Diluted

The restricted shares incentive and shares options schemes (see note 34) granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				<i>(Una dated)</i>	
Profit attributable to owners of the Company (RMB'000) . . . . .	171,106	95,018	166,681	80,004	120,905
Weighted average number of ordinary shares in issue excluding shares held for share award schemes (thousand shares) . . . . .	252,221	258,347	264,417	263,719	265,593
Adjustments for share options and awarded shares (thousand shares) . . . . .	<u>9,352</u>	<u>9,504</u>	<u>7,247</u>	<u>2,964</u>	<u>11,764</u>
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares) . . . . .	<u>261,573</u>	<u>267,851</u>	<u>271,664</u>	<u>266,683</u>	<u>277,357</u>
Diluted EPS (RMB per share) . . . . .	<u>0.65</u>	<u>0.35</u>	<u>0.61</u>	<u>0.30</u>	<u>0.44</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

## The Group

	Building RMB'000	Machinery and equipment RMB'000	Computer equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2022</b>								
Cost . . . . .	92,581	937,291	61,382	111,617	1,013	6,982	119,672	1,330,538
Accumulated depreciation . . . . .	(32,018)	(435,309)	(55,110)	(76,523)	(1,013)	(5,015)	—	(604,988)
Net book amount . . . . .	60,563	501,982	6,272	35,094	—	1,967	119,672	725,550
<b>Year ended 31 December 2022</b>								
Opening net book amount . . . . .	60,563	501,982	6,272	35,094	—	1,967	119,672	725,550
Additions . . . . .	—	27,072	3,643	411	—	219	3,551	34,896
Additions through acquisition of subsidiaries ( <i>note 38</i> ) . . . . .	—	—	101	—	59	6	—	166
Transfer . . . . .	—	63,298	2,010	—	—	7	(65,315)	—
Disposals . . . . .	—	(6,267)	(135)	—	—	(79)	—	(6,481)
Depreciation . . . . .	(4,629)	(121,582)	(3,625)	(11,022)	—	(856)	—	(141,714)
Closing net book amount . . . . .	55,934	464,503	8,266	24,483	59	1,264	57,908	612,417
<b>As at 31 December 2022 and 1 January 2023</b>								
Cost . . . . .	92,581	1,006,620	64,150	112,028	1,072	6,900	57,908	1,341,259
Accumulated depreciation . . . . .	(36,647)	(542,117)	(55,884)	(87,545)	(1,013)	(5,636)	—	(728,842)
Net book amount . . . . .	55,934	464,503	8,266	24,483	59	1,264	57,908	612,417
<b>Year ended 31 December 2023</b>								
Opening net book amount . . . . .	55,934	464,503	8,266	24,483	59	1,264	57,908	612,417
Additions . . . . .	—	8,846	317	—	—	14	43,014	52,191
Transfer . . . . .	—	74,891	2,074	—	—	32	(76,997)	—
Disposals . . . . .	—	(8,491)	(409)	—	—	(36)	—	(8,936)
Depreciation . . . . .	(4,629)	(110,313)	(3,578)	(11,270)	(5)	(788)	—	(130,583)
Closing net book amount . . . . .	51,305	429,436	6,670	13,213	54	486	23,925	525,089

	Building RMB'000	Machinery and equipment RMB'000	Computer equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 31 December 2023 and 1 January 2024</b>								
Cost . . . . .	92,581	1,041,679	63,791	112,028	1,072	6,703	23,925	1,341,779
Accumulated depreciation . . . . .	(41,276)	(612,243)	(57,121)	(98,815)	(1,018)	(6,217)	—	(816,690)
Net book amount . . . . .	51,305	429,436	6,670	13,213	54	486	23,925	525,089
<b>Year ended 31 December 2024</b>								
Opening net book amount . . . . .	51,305	429,436	6,670	13,213	54	486	23,925	525,089
Additions . . . . .	—	21,492	1,810	3,047	1,057	3,102	228,999	259,507
Transfer . . . . .	—	24,773	705	—	—	79	(25,557)	—
Disposals . . . . .	—	(3,265)	(962)	—	—	(172)	—	(4,399)
Depreciation . . . . .	(4,629)	(104,255)	(3,143)	(11,291)	(1)	(632)	—	(123,951)
Exchange differences . . . . .	—	(509)	(34)	—	—	(137)	—	(680)
<b>Closing net book amount . . . . .</b>	<b>46,676</b>	<b>367,672</b>	<b>5,046</b>	<b>4,969</b>	<b>1,110</b>	<b>2,726</b>	<b>227,367</b>	<b>655,566</b>
<b>As at 31 December 2024 and 1 January 2025</b>								
Cost . . . . .	92,581	1,028,575	55,777	115,075	2,129	7,199	227,367	1,528,703
Accumulated depreciation . . . . .	(45,905)	(660,903)	(50,731)	(110,106)	(1,019)	(4,473)	—	(873,137)
Net book amount . . . . .	46,676	367,672	5,046	4,969	1,110	2,726	227,367	655,566
<b>Six months ended 30 June 2025</b>								
Opening net book amount . . . . .	46,676	367,672	5,046	4,969	1,110	2,726	227,367	655,566
Additions . . . . .	—	13,640	1,764	121	9	16	346,135	361,685
Transfer . . . . .	205,133	36,482	830	—	—	23	(242,468)	—
Disposals . . . . .	—	(1,231)	(5)	—	(555)	—	—	(1,791)
Depreciation . . . . .	(2,315)	(52,256)	(1,285)	(2,502)	(71)	(314)	—	(58,743)
Exchange differences . . . . .	—	297	46	—	—	182	—	525
<b>Closing net book amount . . . . .</b>	<b>249,494</b>	<b>364,604</b>	<b>6,396</b>	<b>2,588</b>	<b>493</b>	<b>2,633</b>	<b>331,034</b>	<b>957,242</b>
<b>As at 30 June 2025</b>								
Cost . . . . .	297,714	1,076,984	57,628	115,196	1,583	7,403	331,034	1,887,542
Accumulated depreciation . . . . .	(48,220)	(712,380)	(51,232)	(112,608)	(1,090)	(4,770)	—	(930,300)
<b>Net book amount . . . . .</b>	<b>249,494</b>	<b>364,604</b>	<b>6,396</b>	<b>2,588</b>	<b>493</b>	<b>2,633</b>	<b>331,034</b>	<b>957,242</b>

## The Company

## As at 1 January 2022

	Building RMB'000	Machinery and equipment RMB'000	Computer equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost . . . . .	92,581	791,791	54,675	95,653	1,013	2,343	114,884	1,152,940
Accumulated depreciation . . . . .	(32,018)	(360,772)	(49,857)	(66,664)	(1,013)	(2,327)	—	(512,651)
Net book amount . . . . .	60,563	431,019	4,818	28,989	—	16	114,884	640,289
<b>Year ended 31 December 2022</b>								
Opening net book amount . . . . .	60,563	431,019	4,818	28,989	—	16	114,884	640,289
Additions . . . . .	—	19,189	2,752	411	—	7	48,799	71,158
Transfer . . . . .	—	63,141	71	—	—	—	(63,212)	—
Disposals . . . . .	—	(3,701)	(82)	—	—	—	—	(3,783)
Depreciation . . . . .	(4,629)	(93,736)	(2,938)	(9,232)	—	(9)	—	(110,544)
Closing net book amount . . . . .	55,934	415,912	4,621	20,168	—	14	100,471	597,120

As at 31 December 2022 and  
1 January 2023

Cost . . . . .	92,581	857,171	54,813	96,064	1,013	2,115	100,471	1,204,228
Accumulated depreciation . . . . .	(36,647)	(441,259)	(50,192)	(75,896)	(1,013)	(2,101)	—	(607,108)
Net book amount . . . . .	55,934	415,912	4,621	20,168	—	14	100,471	597,120
<b>Year ended 31 December 2023</b>								
Opening net book amount . . . . .	55,934	415,912	4,621	20,168	—	14	100,471	597,120
Additions . . . . .	—	8,846	317	—	—	—	34,034	43,197
Transfer . . . . .	—	65,551	1,757	—	—	556	(67,864)	—
Disposals . . . . .	—	(4,798)	(67)	—	—	—	—	(4,865)
Depreciation . . . . .	(4,629)	(90,708)	(2,684)	(8,949)	—	(5)	—	(106,975)
Closing net book amount . . . . .	51,305	394,803	3,944	11,219	—	565	66,641	528,477

	Building RMB'000	Machinery and equipment RMB'000	Computer equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 31 December 2023 and 1 January 2024</b>								
Cost . . . . .	92,581	901,832	54,502	96,064	1,013	2,553	66,641	1,215,186
Accumulated depreciation . . . . .	(41,276)	(507,029)	(50,558)	(84,845)	(1,013)	(1,988)	–	(686,709)
Net book amount . . . . .	51,305	394,803	3,944	11,219	–	565	66,641	528,477
<b>Year ended 31 December 2024</b>								
Opening net book amount . . . . .	51,305	394,803	3,944	11,219	–	565	66,641	528,477
Additions . . . . .	–	13,618	1,810	–	1,055	15	101,159	117,657
Transfer . . . . .	–	68,383	229	–	–	79	(68,691)	–
Disposals . . . . .	–	(56,076)	(574)	–	–	(79)	–	(56,729)
Depreciation . . . . .	(4,629)	(91,689)	(2,576)	(9,007)	–	(12)	–	(107,913)
Closing net book amount . . . . .	46,676	329,039	2,833	2,212	1,055	568	99,109	481,492
<b>As at 31 December 2024 and 1 January 2025</b>								
Cost . . . . .	92,581	870,781	46,868	96,064	1,716	2,507	99,109	1,209,626
Accumulated depreciation . . . . .	(45,905)	(541,742)	(44,035)	(93,852)	(661)	(1,939)	–	(728,134)
Net book amount . . . . .	46,676	329,039	2,833	2,212	1,055	568	99,109	481,492
<b>Six months ended 30 June 2025</b>								
Opening net book amount . . . . .	46,676	329,039	2,833	2,212	1,055	568	99,109	481,492
Additions . . . . .	–	12,412	1,555	–	9	16	171,634	185,626
Transfer . . . . .	–	30,512	830	–	–	22	(31,364)	–
Disposals . . . . .	–	(15,348)	(318)	–	(555)	–	–	(16,221)
Depreciation . . . . .	(2,314)	(46,051)	(978)	(2,212)	(63)	(6)	–	(51,624)
Closing net book amount . . . . .	44,362	310,564	3,922	–	446	600	239,379	599,273
<b>As at 30 June 2025</b>								
Cost . . . . .	92,581	893,562	48,111	96,064	1,170	2,418	239,379	1,373,285
Accumulated depreciation . . . . .	(48,219)	(582,998)	(44,189)	(96,064)	(724)	(1,818)	–	(774,012)
Net book amount . . . . .	44,362	310,564	3,922	–	446	600	239,379	599,273

## 15. RIGHT-OF-USE ASSETS

## The Group

	<u>Premises and building</u>
	<i>RMB'000</i>
<b>As at 1 January 2022</b>	
Cost . . . . .	170,605
Accumulated depreciation . . . . .	(53,295)
<b>Net book amount . . . . .</b>	<u>117,310</u>
<b>Year ended 31 December 2022</b>	
Opening net book amount . . . . .	117,310
Additions . . . . .	11,401
Depreciation . . . . .	(49,396)
<b>Closing net book amount . . . . .</b>	<u>79,315</u>
<b>As at 31 December 2022 and 1 January 2023</b>	
Cost . . . . .	182,006
Accumulated depreciation . . . . .	(102,691)
<b>Net book amount . . . . .</b>	<u>79,315</u>
<b>Year ended 31 December 2023</b>	
Opening net book amount . . . . .	79,315
Additions . . . . .	154,731
Early termination of a lease . . . . .	(2,046)
Depreciation . . . . .	(50,688)
<b>Closing net book amount . . . . .</b>	<u>181,312</u>
<b>As at 31 December 2023 and 1 January 2024</b>	
Cost . . . . .	308,452
Accumulated depreciation . . . . .	(127,140)
<b>Net book amount . . . . .</b>	<u>181,312</u>
<b>Year ended 31 December 2024</b>	
Opening net book amount . . . . .	181,312
Additions . . . . .	8,541
Early termination of a lease . . . . .	(162)
Depreciation . . . . .	(42,470)
Exchange differences . . . . .	1,484
<b>Closing net book amount . . . . .</b>	<u>148,705</u>
<b>As at 31 December 2024 and 1 January 2025</b>	
Cost . . . . .	239,137
Accumulated depreciation . . . . .	(90,432)
<b>Net book amount . . . . .</b>	<u>148,705</u>
<b>Six months ended 30 June 2025</b>	
Opening net book amount . . . . .	148,705
Addition . . . . .	1,569
Modifications . . . . .	753
Depreciation . . . . .	(12,066)
Exchange differences . . . . .	(104)
<b>Closing net book amount . . . . .</b>	<u>138,857</u>
<b>As at 30 June 2025</b>	
Cost . . . . .	241,028
Accumulated depreciation . . . . .	(102,171)
<b>Net book amount . . . . .</b>	<u>138,857</u>

## 16. PREPAID LEASE PAYMENTS

**The Group**

The prepaid lease payments represent prepayments in relation to leases of land in the PRC. The prepaid lease payments fall into the scope of IFRS 16 "Leases" as it meets the definition of right-of-use assets. The movements in their net carrying amounts are analysed as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening net carrying amount . . . . .	–	–	35,506	34,795
Additions . . . . .	–	35,565	–	–
Amortisation . . . . .	–	(59)	(711)	(356)
Closing net carrying amount . . . . .	–	<u>35,506</u>	<u>34,795</u>	<u>34,439</u>

## 17. GOODWILL

**The Group**

	RMB'000
At 1 January 2022 . . . . .	–
Arising on acquisition through business combination ( <i>note 38</i> ) . . . . .	<u>98,969</u>
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025 . . . . .	<u>98,969</u>

*Note:* During the year ended 31 December 2022, the Group completed the acquisition of subsidiaries (see note 38).

Goodwill of RMB98,969,000 has been allocated to respective CGU of the subsidiaries acquired for impairment testing. Management assess the recoverable amounts of the goodwill as of December 31, 2022, 2023, 2024 and 30 June 2025. The recoverable amount of the CGUs is determined based on value in use calculations based on five-year financial budgets. The management did not assume any growth to the cash flows subsequent to the five-year period. The following table sets forth each key assumptions of CGUs on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Revenue annual growth rate during the forecast period ( <i>note</i> ) . . . . .	(11.63%)-14.01%	0%-14.01%	0%-73.30%	0%-21.91%
Pre-tax discount rate . . . . .	17.88%	18.97%	19.83%	18.04%

*Note:* In preparation of impairment assessment as at 31 December 2022, management considered the major customers has still in the process of consumption of the inventories accumulated during the pandemic, negative revenue annual growth rate adopted for the expected revenue generated during the year ended 31 December 2023.

As of December 31, 2022, 2023, 2024 and 30 June 2025, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount by RMB5,691,000, RMB30,468,000, RMB449,311,000 and RMB456,989,000, respectively.

*Key assumptions for value-in-use calculation*

Assumptions were used in the value-in-use calculation of the CGUs for the Track Record Period. The key assumptions used in the value in use calculations reflect a combination of internal and external factors impacting revenue annual growth rates and discount rates. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Revenue annual growth rates** — The basis used to determine revenue annual growth rates is the average results achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected product and market development. The expected revenue annual growth rates increased significantly is mainly due to new products development.

**Pre-tax discount rate** — The cash flow projections are discounted using pre-tax discount rate of 17.88%, 18.97%, 19.83% and 18.04% as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital.

*Sensitivity analysis*

Management of the Company has performed sensitivity test by decreasing 2% of revenue annual growth rates or increasing 1% of discount rate, with all other key assumptions held constant. The impacts on the amount by which CGU's recoverable amount exceed its carrying amount ("headroom") are as below:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue annual growth rates decreased by 2% . . . . .	(4,918)	(7,024)	(29,683)	(33,272)
Pre-tax discount rate increased by 1% . . . . .	(3,630)	(4,918)	(21,359)	(22,370)

The headroom corresponding to the impact of the above key assumptions are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Headroom – decreasing revenue annual growth rates by 2% . . . . .	773	23,444	419,628	423,717
Headroom – increasing pre-tax discount rate by 1% . . .	2,061	25,550	427,952	434,619

Based on the headroom of the impairment assessment for the Track Record Period, management of the Company believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

These sensitivity analyses are based on changing the relevant assumption while holding other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Considering there was still sufficient headroom based on the assessment, the management believes there was no impairment for the goodwill as at 31 December 2022, 2023, 2024 and 30 June 2025.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company conclude that no impairment loss on the aforementioned goodwill is required to be recognised as at 31 December 2022, 2023, 2024 and 30 June 2025.

## 18. INTANGIBLE ASSETS

## The Group

	Patent	Software	Deferred development cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 1 January 2022</b>				
Cost . . . . .	65,600	156,624	610,833	833,057
Accumulated amortisation and impairment . . . . .	(26,726)	(70,207)	(201,596)	(298,529)
<b>Net book amount . . . . .</b>	<u>38,874</u>	<u>86,417</u>	<u>409,237</u>	<u>534,528</u>
<b>Year ended 31 December 2022</b>				
Opening net book amount . . . . .	38,874	86,417	409,237	534,528
Additions . . . . .	–	10,310	137,617	147,927
Additions from acquisition of a subsidiaries ( <i>note 38</i> ) . . . . .	–	303	–	303
Amortisation . . . . .	(9,719)	(16,988)	(76,634)	(103,341)
<b>Closing net book amount . . . . .</b>	<u>29,155</u>	<u>80,042</u>	<u>470,220</u>	<u>579,417</u>
<b>As at 31 December 2022 and 1 January 2023</b>				
Cost . . . . .	65,600	167,237	748,450	981,287
Accumulated amortisation and impairment . . . . .	(36,445)	(87,195)	(278,230)	(401,870)
<b>Net book amount . . . . .</b>	<u>29,155</u>	<u>80,042</u>	<u>470,220</u>	<u>579,417</u>
<b>Year ended 31 December 2023</b>				
Opening net book amount . . . . .	29,155	80,042	470,220	579,417
Additions . . . . .	–	1,591	124,396	125,987
Amortisation . . . . .	(9,718)	(17,306)	(85,767)	(112,791)
Exchange difference . . . . .	–	(27)	(1,162)	(1,189)
<b>Closing net book amount . . . . .</b>	<u>19,437</u>	<u>64,300</u>	<u>507,687</u>	<u>591,424</u>
<b>As at 31 December 2023 and 1 January 2024</b>				
Cost . . . . .	65,600	168,712	871,040	1,105,352
Accumulated amortisation and impairment . . . . .	(46,163)	(104,412)	(363,353)	(513,928)
<b>Net book amount . . . . .</b>	<u>19,437</u>	<u>64,300</u>	<u>507,687</u>	<u>591,424</u>
<b>Year ended 31 December 2024</b>				
Opening net book amount . . . . .	19,437	64,300	507,687	591,424
Additions . . . . .	–	1,903	88,207	90,110
Amortisation . . . . .	(9,719)	(15,117)	(102,989)	(127,825)
Exchange difference . . . . .	–	(85)	(9,926)	(10,011)
<b>Closing net book amount . . . . .</b>	<u>9,718</u>	<u>51,001</u>	<u>482,979</u>	<u>543,698</u>
<b>As at 31 December 2024 and 1 January 2025</b>				
Cost . . . . .	65,600	170,387	945,927	1,181,914
Accumulated amortisation and impairment . . . . .	(55,882)	(119,386)	(462,948)	(638,216)
<b>Net book amount . . . . .</b>	<u>9,718</u>	<u>51,001</u>	<u>482,979</u>	<u>543,698</u>
<b>Six months ended 30 June 2025</b>				
Opening net book amount . . . . .	9,718	51,001	482,979	543,698
Additions . . . . .	–	678	58,349	59,027
Amortisation . . . . .	(4,859)	(7,496)	(56,877)	(69,232)
Exchange difference . . . . .	–	(66)	14,265	14,199
<b>Closing net book amount . . . . .</b>	<u>4,859</u>	<u>44,117</u>	<u>498,716</u>	<u>547,692</u>
<b>As at 30 June 2025</b>				
Cost . . . . .	65,600	171,245	1,023,944	1,260,789
Accumulated amortisation and impairment . . . . .	(60,741)	(127,128)	(525,228)	(713,097)
<b>Net book amount . . . . .</b>	<u>4,859</u>	<u>44,117</u>	<u>498,716</u>	<u>547,692</u>

## The Company

	Software	Deferred development cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 1 January 2022</b>			
Cost . . . . .	56,766	404,248	461,014
Accumulated amortisation and impairment . . . . .	(27,022)	(195,191)	(222,213)
Net book amount . . . . .	<u>29,744</u>	<u>209,057</u>	<u>238,801</u>
<b>Year ended 31 December 2022</b>			
Opening net book amount . . . . .	29,744	209,057	238,801
Additions . . . . .	247	76,421	76,668
Amortisation . . . . .	(5,272)	(65,414)	(70,686)
Closing net book amount . . . . .	<u>24,719</u>	<u>220,064</u>	<u>244,783</u>
<b>As at 31 December 2022 and 1 January 2023</b>			
Cost . . . . .	57,013	480,669	537,682
Accumulated amortisation and impairment . . . . .	(32,294)	(260,605)	(292,899)
Net book amount . . . . .	<u>24,719</u>	<u>220,064</u>	<u>244,783</u>
<b>Year ended 31 December 2023</b>			
Opening net book amount . . . . .	24,719	220,064	244,783
Additions . . . . .	–	70,548	70,548
Amortisation . . . . .	(4,832)	(77,129)	(81,961)
Closing net book amount . . . . .	<u>19,887</u>	<u>213,483</u>	<u>233,370</u>
<b>As at 31 December 2023 and 1 January 2024</b>			
Cost . . . . .	57,013	551,217	608,230
Accumulated amortisation and impairment . . . . .	(37,126)	(337,734)	(374,860)
Net book amount . . . . .	<u>19,887</u>	<u>213,483</u>	<u>233,370</u>
<b>Year ended 31 December 2024</b>			
Opening net book amount . . . . .	19,887	213,483	233,370
Additions . . . . .	1,478	56,827	58,305
Amortisation . . . . .	(4,736)	(58,630)	(63,366)
Closing net book amount . . . . .	<u>16,629</u>	<u>211,680</u>	<u>228,309</u>
<b>As at 31 December 2024 and 1 January 2025</b>			
Cost . . . . .	58,491	608,044	666,535
Accumulated amortisation and impairment . . . . .	(41,862)	(396,364)	(438,226)
Net book amount . . . . .	<u>16,629</u>	<u>211,680</u>	<u>228,309</u>
<b>Six months ended 30 June 2025</b>			
Opening net book amount . . . . .	16,629	211,680	228,309
Additions . . . . .	678	36,616	37,294
Amortisation . . . . .	(2,345)	(28,847)	(31,192)
Closing net book amount . . . . .	<u>14,962</u>	<u>219,449</u>	<u>234,411</u>
<b>As at 30 June 2025</b>			
Cost . . . . .	59,169	644,660	703,829
Accumulated amortisation and impairment . . . . .	(44,207)	(425,211)	(469,418)
Net book amount . . . . .	<u>14,962</u>	<u>219,449</u>	<u>234,411</u>

During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, no amortisation has been charged to cost of goods sold in the consolidated statements of profit or loss and other comprehensive income.

Included in intangible assets, deferred development costs not yet available for use and not subject to amortisation were RMB256,610,000, RMB286,498,000, RMB133,124,000 and RMB143,136,000 as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively.

Intangible assets not yet available for use are derived from the deferred development cost incurred in research and development projects that have not yet been completed. The Company has carried out an impairment review of the carrying amounts of intangible assets not yet available for use as at 31 December 2022, 2023, 2024 and 30 June 2025 and no provision for impairment has been made.

The recoverable amounts of the intangible assets not yet available for use are determined based on value in use calculations. The calculation of the recoverable amounts of the intangible assets not yet available for use uses cash flow projections based on the financial estimates on each intangible asset not yet available for use, defined as separate CGU made by management of the Company, with reference to the timing of commercial operation of the products and the prevailing market conditions. The recoverable amounts of each intangible asset not yet available for use based on the estimated value-in-use calculations was higher than the respective carrying amount at 31 December 2022, 2023, 2024 and 30 June 2025. Accordingly, no provision for impairment loss for intangible assets not yet available for use is considered necessary.

The following table sets forth key assumptions on which management has based its cash flow projections to undertake impairment testing of respective intangible assets not yet available for use as at 31 December 2022, 2023, 2024 and 30 June 2025:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Average annual revenue growth rate . . . . .	10%-50%	10%-330%	0%-330%	18%-97%
Pre-tax discount rate . . . . .	12.92%-15.09%	14.14%-15.15%	13.24%-14.55%	13.32-15.50%

Based on the result of the impairment testing, the proportion of the estimated recoverable amount of the intangible assets not yet available for use exceeded their carrying amount (“the headroom”) to their carrying amount was as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Headroom . . . . .	13.29%-19.28%	17.28%-588.00%	21.86%-228.55%	78.36%-162.85%

Management of the Company has performed sensitivity test by decreasing 5% of expected revenue or increasing 1% of discount rate, with all other key assumptions held constant, the recoverable amount of the intangible assets not yet available for use would have exceeded their carrying amount.

The management believes that any reasonable possible change in any of the key assumptions would not cause the carrying amounts of the intangible assets not yet available for use to exceed its recoverable amount.

The management of the Company concluded that no provision for impairment on the intangible assets not yet available for use has to be recognised as at 31 December 2022, 2023, 2024 and 30 June 2025.

## 19. INVESTMENTS IN SUBSIDIARIES

The carrying amount of investments in subsidiaries of the Company is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Unlisted investments at cost . . . . .</b>	<u>149,701</u>	<u>449,701</u>	<u>748,391</u>	<u>748,962</u>

Note:

- (a) On 17 April 2023, the Company entered into a co-operation agreement with Jiashan Zhongxin Industrial Development Investment Company Limited\* (“Jiashan Zhongxin”) (嘉善縣中新產業發展投資有限公司) an independent third party for setting-up CIG ZJ. Pursuant to the agreement, the Company and Jiashan Zhongxin invest RMB300,000,000 and RMB150,000,000 to CIG ZJ respectively. The Group includes a subsidiary, CIG ZJ, with material non-controlling interests (“NCI”), the details and the recognised financial information, before intragroup eliminations, are as follows:

	Period from 17 April 2023 to 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2025
	RMB'000	RMB'000	RMB'000
Proportion of ownership interests and voting rights held by the NCI . . . . .	33.33%	33.33%	33.33%
Current assets . . . . .	52,811	234,506	134,340
Non-current assets . . . . .	397,489	529,857	623,720
Current liabilities . . . . .	(460)	(311,073)	(314,847)
Non-current liabilities . . . . .	–	(2,370)	(2,370)
Net assets . . . . .	<u>449,840</u>	<u>450,920</u>	<u>440,843</u>
Carrying amount of NCI . . . . .	<u>149,947</u>	<u>150,307</u>	<u>146,948</u>
Revenue . . . . .	119	43,960	14,847
Other income . . . . .	–	15,000	67
Total expenses . . . . .	<u>(279)</u>	<u>(57,880)</u>	<u>(24,990)</u>
(Loss)/Profit and total comprehensive (loss)/income for the year/period . . . . .	<u>(160)</u>	<u>1,080</u>	<u>(10,076)</u>
(Loss)/Profit attributable to NCI . . . . .	<u>(53)</u>	<u>360</u>	<u>(3,359)</u>
Net cash flows from/(used in) operating activities . . . . .	201	187,548	(6,256)
Net cash flows (used in)/from investing activities . . . . .	(397,548)	(219,219)	(1,921)
Net cash flows from financing activities . . . . .	<u>450,000</u>	–	–
Net increase/(decrease) in cash and cash equivalents . . . . .	<u>52,653</u>	<u>(31,671)</u>	<u>(8,177)</u>

- (b) On 13 July 2023, a board resolution has been resolved to inject US\$42,000,000 (equivalent to RMB298,272,000) into CIG US. The capital injection was completed during the year ended 31 December 2024.

## 20. INVENTORIES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials . . . . .	1,163,158	995,704	1,054,035	1,309,215
Work in progress . . . . .	391,076	313,073	397,008	458,773
Finished goods . . . . .	207,155	291,369	269,097	206,824
Goods in transit . . . . .	6,254	13,372	9,582	51,030
	<u>1,767,643</u>	<u>1,613,518</u>	<u>1,729,722</u>	<u>2,025,842</u>
Less: Provision for inventories . . . . .	(38,103)	(40,064)	(44,178)	(47,547)
	<u>1,729,540</u>	<u>1,573,454</u>	<u>1,685,544</u>	<u>1,978,295</u>

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials . . . . .	1,040,571	906,801	1,009,752	1,238,290
Work in progress . . . . .	365,389	289,892	381,751	443,019
Finished goods . . . . .	121,868	188,888	232,382	181,013
Goods in transit . . . . .	45,039	26,837	10,875	41,358
	<u>1,572,867</u>	<u>1,412,418</u>	<u>1,634,760</u>	<u>1,903,680</u>
Less: Provision for inventories . . . . .	(37,861)	(39,818)	(43,928)	(47,298)
	<u>1,535,006</u>	<u>1,372,600</u>	<u>1,590,832</u>	<u>1,856,382</u>

The following table summarises the changes in the provision of impairment loss of inventories during the Track Record Period:

## The Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Una dited)	RMB'000
At beginning of the year/period . . . . .	33,175	38,103	40,064	40,064	44,178
Provision for inventories . . . . .	18,512	3,741	6,510	1,979	5,124
Reversal of provision for inventories . . . . .	–	–	(2,396)	(194)	(1,755)
Written off . . . . .	(13,584)	(1,780)	–	–	–
At end of the year/period . . . . .	<u>38,103</u>	<u>40,064</u>	<u>44,178</u>	<u>41,849</u>	<u>47,547</u>

## The Company

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Una dited)	RMB'000
At beginning of the year/period . . . . .	32,952	37,861	39,818	39,818	43,928
Provision for inventories . . . . .	18,493	3,737	6,506	1,978	5,124
Reversal of provision for inventories . . . . .	–	–	(2,396)	(194)	(1,754)
Written off . . . . .	(13,584)	(1,780)	–	–	–
At end of the year/period . . . . .	<u>37,861</u>	<u>39,818</u>	<u>43,928</u>	<u>41,602</u>	<u>47,298</u>

**21. TRADE AND BILLS RECEIVABLES**

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables.....	1,623,429	1,112,223	1,244,428	1,598,872
Less: ECL allowance . . . . .	(17,551)	(12,687)	(14,314)	(18,681)
	<u>1,605,878</u>	<u>1,099,536</u>	<u>1,230,114</u>	<u>1,580,191</u>
Bills receivable . . . . .	1,000	16,196	8,060	-Less: ECL allowance
	_____	_____	_____	_____
	_____	_____	_____	_____
	=====	=====	=====	=====

The ageing analysis of the trade and bills receivables based on invoice date, net of ECL allowances, were as follows:

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year. . . . .	1,597,534	1,112,547	1,228,544	1,568,010
1 to 2 years. . . . .	9,312	3,030	8,876	11,248
2 to 3 years. . . . .	32	–	696	933
	<u>1,606,878</u>	<u>1,115,577</u>	<u>1,238,116</u>	<u>1,580,191</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year. . . . .	2,165,999	1,741,402	1,713,890	2,176,559
1 to 2 years. . . . .	7,934	147,659	15,372	12,588
2 to 3 years. . . . .	10,328	7,743	10,225	11,399
Over 3 years . . . . .	–	10,790	18,796	23,583
	<u>2,184,261</u>	<u>1,907,594</u>	<u>1,758,283</u>	<u>2,224,129</u>

The movement in the ECL allowance of trade and bills receivables during the Track Record Period were as follows:

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period . . . . .	42,904	17,551	12,842	14,372
ECL allowance recognised during the year/period . . . . .	–	155	1,627	4,367
ECL allowance reversed during the year/period . . . . .	(25,353)	(4,864)	(97)	(58)
At the end of the year/period . . . . .	<u>17,551</u>	<u>12,842</u>	<u>14,372</u>	<u>18,681</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period . . . . .	19,822	5,529	3,507	5,050
ECL allowance recognised during the year/period . . . . .	–	–	1,543	544
ECL allowance reversed during the year/period . . . . .	(14,293)	(2,022)	–	(58)
At the end of the year/period . . . . .	<u>5,529</u>	<u>3,507</u>	<u>5,050</u>	<u>5,536</u>

## 22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits for acquisition of property, plant and equipment, and intangible assets . . . . .	384	3,035	26,902	36,301
Value-added tax ("VAT") recoverable . . . . .	52,715	39,739	90,145	94,213
Japan consumption tax recoverable . . . . .	10,984	4,813	1,621	1,103
Prepayments . . . . .	33,128	24,943	24,381	58,873
Deposits . . . . .	9,272	13,604	19,381	17,789
Deferred listing expenses . . . . .	–	–	–	13,140
Others . . . . .	1,059	719	982	912
	107,542	86,853	163,412	222,331
Less: ECL allowance . . . . .	(5,871)	(5,882)	(5,703)	(6,981)
	<u>101,671</u>	<u>80,971</u>	<u>157,709</u>	<u>215,350</u>
<b>Analysed as</b>				
Current . . . . .	101,287	77,936	130,807	179,049
Non-current . . . . .	384	3,035	26,902	36,301
	<u>101,671</u>	<u>80,971</u>	<u>157,709</u>	<u>215,350</u>

## The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits for acquisition of property, plant and equipment, and intangible assets . . . . .	384	1,364	14,456	31,004
Value-added tax recoverable . . . . .	29,307	18,065	38,627	36,345
Prepayments . . . . .	26,687	16,743	7,978	31,060
Deposits . . . . .	3,319	3,655	4,722	2,687
Deferred listing expenses . . . . .	–	–	–	13,140
Others . . . . .	568	104	104	4
Amounts due from group entities . . . . .	35,015	2,833	208,958	210,948
	95,280	42,764	274,845	325,188
Less: ECL allowance . . . . .	(2,764)	(2,334)	(2,655)	(2,359)
	<u>92,516</u>	<u>40,430</u>	<u>272,190</u>	<u>322,829</u>
<b>Analysed as</b>				
Current . . . . .	92,132	39,066	257,734	291,825
Non-current . . . . .	384	1,364	14,456	31,004
	<u>92,516</u>	<u>40,430</u>	<u>272,190</u>	<u>322,829</u>

The directors of the Company consider that the fair values of deposits, prepayment and other receivables which are expected to be recovered during the Track Record Period are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The amounts due from group entities in the statements of financial position of the Company are unsecured, interest-free and repayable on demand.

The movement in the ECL allowance of other receivables during the Track Record Period were as follows:

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period . . . . .	8,269	5,871	5,882	5,703
ECL allowance recognised during the year/period . . . . .	–	11	–	1,278
ECL allowance reversed during the year/period . . . . .	(2,398)	–	(179)	–
At the end of the year/period . . . . .	<u>5,871</u>	<u>5,882</u>	<u>5,703</u>	<u>6,981</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period . . . . .	5,083	2,764	2,334	2,655
ECL allowance recognised during the year/period . . . . .	–	–	321	–
ECL allowance reversed during the year/period . . . . .	(2,319)	(430)	–	(296)
At the end of the year/period . . . . .	<u>2,764</u>	<u>2,334</u>	<u>2,655</u>	<u>2,359</u>

**23. CASH AND CASH EQUIVALENTS**

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at banks and on hand . . . . .	354,707	417,977	507,341	588,231
Pledged deposits . . . . .	35,500	20,000	20,000	20,000
	390,207	437,977	527,341	608,231
Less: Pledged deposits . . . . .	(35,500)	(20,000)	(20,000)	(20,000)
Cash and cash equivalents . . . . .	<u>354,707</u>	<u>417,977</u>	<u>507,341</u>	<u>588,231</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in bank balances and cash of the Group of RMB181,306,000, RMB193,287,000, RMB191,960,000 and RMB105,403,000 are bank balances denominated in RMB placed with banks in the PRC respectively.

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand . . . . .	292,439	290,707	340,366	400,670
Pledged deposits . . . . .	35,500	20,000	20,000	20,000
	327,939	310,707	360,366	420,670
Less: Pledged deposits . . . . .	(35,500)	(20,000)	(20,000)	(20,000)
Cash and cash equivalents . . . . .	<u>292,439</u>	<u>290,707</u>	<u>340,366</u>	<u>400,670</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in bank balances and cash of the Company of RMB180,137,000, RMB139,372,000, RMB167,004,000 and RMB88,251,000 are bank balances denominated in RMB placed with banks in the PRC respectively.

RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group and the Company is permitted to exchange RMB for foreign currencies through banks that are recognised to conduct foreign exchange business.

**24. TRADE AND BILLS PAYABLES****The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . . . . .	1,564,927	750,096	1,115,412	1,533,007
Bills payable . . . . .	215,454	114,347	119,542	61,902
	<u>1,780,381</u>	<u>864,443</u>	<u>1,234,954</u>	<u>1,594,909</u>

The Group presented bills to relevant creditors for settlement and remained outstanding as at 31 December 2022, 2023, 2024 and 30 June 2025. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMBnil, RMB15,443,000, RMB2,260,000 and RMBnil as at 31 December 2022, 2023, 2024 and 30 June 2025. All bills presented by the Group is aged within 1 year and not yet due as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively.

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– Third parties . . . . .	1,349,133	688,437	949,062	1,320,168
– Group entities . . . . .	186,604	179,529	313,795	376,811
	1,535,737	867,966	1,262,857	1,696,979
Bills payable . . . . .	215,454	99,562	119,542	61,902
	<u>1,751,191</u>	<u>967,528</u>	<u>1,382,399</u>	<u>1,758,881</u>

The Company presented bills to relevant creditors for settlement and remained outstanding as at 31 December 2022, 2023, 2024 and 30 June 2025. It also contains obligations arising from endorsing bills with recourse with an aggregate amount of RMBnil, RMB658,000, RMB2,260,000 and RMBnil as at 31 December 2022, 2023, 2024 and 30 June 2025. All bills presented by the Group is aged within 1 year and not yet due as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively.

Majority amounts are short term and hence the carrying amounts of the Group's trade and bills payables considered to be a reasonable approximation of fair value.

The Group and the Company are granted by its suppliers the credit period from 60 to 90 days. Based on the invoice date, the ageing analysis of the trade and bills payables is as follows:

**The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year. . . . .	1,776,369	861,516	1,230,901	1,584,342
1 to 2 years. . . . .	2,456	241	1,353	8,807
2 to 3 years. . . . .	308	1,644	43	56
Over 3 years . . . . .	1,248	1,042	2,657	1,704
	<u>1,780,381</u>	<u>864,443</u>	<u>1,234,954</u>	<u>1,594,909</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year. . . . .	1,740,625	890,253	1,216,077	1,749,200
1 to 2 years. . . . .	8,987	74,225	114,661	8,106
2 to 3 years. . . . .	430	2,076	50,035	56
Over 3 years . . . . .	1,149	974	1,626	1,519
	<u>1,751,191</u>	<u>967,528</u>	<u>1,382,399</u>	<u>1,758,881</u>

**25. OTHER PAYABLES AND ACCRUALS****The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payables in relation to restricted				
shares incentive scheme . . . . .	58,374	57,984	18,228	–
Payroll payables . . . . .	71,320	40,713	37,678	39,293
Other payables . . . . .	17,382	9,675	24,187	11,023
Other tax payables . . . . .	17,169	21,054	10,760	8,833
Accrued expenses . . . . .	11,711	6,746	7,483	7,350
Sub-contracting fee payables . . . . .	4,610	1,031	3,517	11,960
Construction payable . . . . .	–	–	44,909	33,485
Dividend payable . . . . .	–	–	1,710	626
	<u>180,566</u>	<u>137,203</u>	<u>148,472</u>	<u>112,570</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payables in relation to restricted shares incentive scheme . . . . .	58,374	57,984	18,228	–
Payroll payables . . . . .	47,548	20,023	20,407	20,610
Other payables . . . . .	17,245	42,568	37,207	30,700
Accrued expenses . . . . .	11,000	5,536	6,455	7,319
Sub-contracting fee payables . . . . .	4,610	1,031	3,270	11,654
Other tax payables . . . . .	2,599	2,137	2,764	2,705
Dividend payable . . . . .	–	–	1,710	626
Amounts due to group entities . . . . .	–	13,748	166,451	39,811
	<u>141,376</u>	<u>143,027</u>	<u>256,492</u>	<u>113,425</u>

The amounts due to group entities in the statements of financial position of the Company are unsecured, interest-free and repayable on demand.

Majority amounts are short term and hence the carrying amounts of the Group's other payables and accruals are considered to be a reasonable approximation of fair value.

**26. CONTRACT LIABILITIES****The Group**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Receipt in advances from customers for sales of goods . . . . .	<u>11,925</u>	<u>45,391</u>	<u>33,363</u>	<u>24,787</u>

**The Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Receipt in advances from customers for sales of goods				
– Third parties . . . . .	1,813	4,390	3,147	1,636
– Group entities . . . . .	–	325,016	281,285	225,004
	<u>1,813</u>	<u>329,406</u>	<u>284,432</u>	<u>226,640</u>

Contract liabilities comprise advanced payments received from customers as well as the Group's right to receive consideration in advance pursuant to the terms of the relevant contracts.

The increase in contract liabilities as at 31 December 2023 is mainly due to increase in deposits received as a result of more sales orders received before 31 December 2023. The decrease in contract liabilities as at 31 December 2024 and 30 June 2025 is mainly due to the decrease in the deposits received as a result of fewer sales orders received from customers before 31 December 2024 and 30 June 2025, respectively.

All contract liabilities included in the carrying amount as at 31 December 2022, 2023, 2024 and 30 June 2025, were transferred to operating revenue in following year.

## 27. BANK BORROWINGS

**The Group and the Company**

At 31 December 2022, 2023, 2024 and 30 June 2025, the Group's and the Company's bank borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Carrying amount repayable</b>				
Within one year . . . . .	913,014	1,111,827	991,700	1,696,058
In the second year . . . . .	–	–	91,900	78,000
Total carrying amount . . . . .	913,014	1,111,827	1,083,600	1,774,058
Amount due within one year . . . . .	(913,014)	(1,111,827)	(991,700)	(1,696,058)
Carrying amount shown under non-current liabilities . . . . .	–	–	91,900	78,000

All bank borrowings are unsecured and unguaranteed. Bank borrowing include accrued interest amounting to RMB1,215,000, RMB2,288,000, RMB2,037,000 and RMB3,210,000 as at 31 December 2022, 2023, 2024 and 30 June 2025 respectively.

Except for the loans of RMB314,299,000 are denominated in US\$ as at 31 December 2022, all loans are denominated in RMB as at 31 December 2022, 2023, 2024 and 30 June 2025.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the loans are interest bearing at rates ranging from 3.2% to 5.41%, 2.9% to 4.35%, 2.5% to 3.65% and 2.5% to 3.5% per annum respectively.

## 28. OTHER BORROWINGS

**The Group and the Company**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current . . . . .	175,090	41,609	–	–
Non-current . . . . .	93,881	–	–	–
	268,971	41,609	–	–

At 31 December 2022, 2023, 2024 and 30 June 2025, the Group's and the Company's other borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Carrying amount repayable</b>				
Within one year . . . . .	175,090	41,609	–	–
In the second year . . . . .	75,631	–	–	–
In the third year . . . . .	18,250	–	–	–
Total carrying amount . . . . .	268,971	41,609	–	–
Amount due within one year . . . . .	(175,090)	(41,609)	–	–
Carrying amount shown under non-current liabilities . . . . .	93,881	–	–	–

The Company entered into financing arrangements with financial institutions with lease terms ranging from 2 to 3 years, with legal title of the respective equipment transferred to the financial institutions. The Company continued to operate and manage the relevant machinery and equipment during the lease term without any involvement from the financial institutions, and the Company is entitled to purchase back the equipment at a minimal consideration upon maturity of respective leases, or to purchase back the equipment from this financial institution at fair value upon the end of the lease period.

The Company applies the requirements of IFRS 15 to assess whether sale and leaseback transactions constitute a sale. To better manage the Company's capital structure and financing needs, the Company sometimes enters into sale and leaseback arrangements in relation to machinery and equipment leases. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of machinery and equipment. Despite the arrangement involves a legal form of a lease while it does not constitute a sale and leaseback transaction, the Company accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method in accordance with

## 30. LEASE LIABILITIES

## The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total minimum lease payments</b>				
Within one year . . . . .	47,820	45,715	26,688	27,592
After one but within second year . .	37,844	23,770	27,005	27,433
After second but within fifth year . .	–	73,728	77,595	78,239
After the fifth year . . . . .	–	72,800	50,363	36,692
	<u>85,664</u>	<u>216,013</u>	<u>181,651</u>	<u>169,956</u>
Future finance charges on leases liabilities . . . . .	(3,738)	(32,456)	(25,579)	(22,191)
Present value of leases liabilities . .	<u>81,926</u>	<u>183,557</u>	<u>156,072</u>	<u>147,765</u>
<b>Present value of minimum lease payments</b>				
Within one year . . . . .	44,927	37,670	20,134	21,445
After one but within second year . .	36,999	17,569	21,347	22,242
After second but within fifth year . .	–	60,189	66,351	68,536
After the fifth year . . . . .	–	68,129	48,240	35,542
	<u>81,926</u>	<u>183,557</u>	<u>156,072</u>	<u>147,765</u>
Less: Portion due within one year included under current liabilities . .	(44,927)	(37,670)	(20,134)	(21,445)
Portion due after one year included under non-current liabilities . . . .	<u>36,999</u>	<u>145,887</u>	<u>135,938</u>	<u>126,320</u>

During the years ended 31 December 2022, 2023, 2024 and 30 June 2025 the total cash outflows for the leases amounted to RMB57,716,000, RMB61,230,000, RMB49,666,000 and RMB28,216,000 respectively.

As at 31 December 2022, 2023, 2024 and 30 June 2025 the Group has entered into leases agreements for use of premises with terms ranging from 2 to 10 years, 1.16 to 10 years, 1 to 10 years and 1.75 to 10 years respectively. These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Group had 9, 5, 6 and 7 leases under IFRS 16 for premises and building with remaining lease term of 0.2 to 8.8 years, 0.3 to 7.8 years, 0.2 to 6.8 years and 0.3 to 6.3 years respectively. These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

## 31. DEFERRED TAX

The movements in the deferred tax assets during the Track Record Period and its components as at 31 December 2022, 2023, 2024 and 30 June 2025 were as follows:

## The Group

	Deferred income	Expected credit losses	Provision for inventories	Tax losses	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 1 January 2022</b> . . . . .	5,346	3,736	4,946	7,558	8,921	30,507
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(804)	(2,470)	736	5,842	(3,595)	(291)
<b>At 31 December 2022 and 1 January 2023</b> . . . . .	4,542	1,266	5,682	13,400	5,326	30,216
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(99)	(340)	294	3,544	(2,478)	921
<b>At 31 December 2023 and 1 January 2024</b> . . . . .	4,443	926	5,976	16,944	2,848	31,137
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	1,578	312	617	1,652	(2,848)	1,311
<b>At 31 December 2024 and 1 January 2025</b> . . . . .	6,021	1,238	6,593	18,596	–	32,448
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(1,105)	78	505	–	339	(183)
<b>At 30 June 2025</b> . . . . .	<u>4,916</u>	<u>1,316</u>	<u>7,098</u>	<u>18,596</u>	<u>339</u>	<u>32,265</u>

The movements in the deferred tax liabilities during the Track Record Period and its components as at 31 December 2022, 2023, 2024 and 30 June 2025 were as follows:

## The Group

	Right-of-use assets	Accelerated depreciation allowance	Intangible assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 1 January 2022</b> . . . . .	8,730	21,402	11,294	41,426
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(3,233)	(345)	(2,824)	(6,402)
<b>At 31 December 2022 and 1 January 2023</b> . . . . .	5,497	21,057	8,470	35,024
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(2,825)	4,929	(2,823)	(719)
<b>At 31 December 2023 and 1 January 2024</b> . . . . .	2,672	25,986	5,647	34,305
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	(2,608)	(404)	(2,823)	(5,835)
<b>At 31 December 2024 and 1 January 2025</b> . . . . .	64	25,582	2,824	28,470
Recognised in profit or loss ( <i>note 9</i> ) . . . . .	375	(462)	(1,412)	(1,499)
<b>At 30 June 2025</b> . . . . .	<u>439</u>	<u>25,120</u>	<u>1,412</u>	<u>26,971</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group did not recognised deferred tax assets arising from tax losses of RMB286,645,000, RMB410,140,000, RMB349,953,000 and RMB357,014,000 respectively. Under the current tax legislation, as at 31 December 2022, 2023 and 2024 and 30 June 2025, tax losses of RMB283,406,000, RMB398,388,000, RMB337,286,000 and RMB313,287,000 can be carried forward for ten years from the year when the loss is incurred. The remaining tax losses can be carried forward for five years from the year when the loss is incurred.

## 32. SHARE CAPITAL

	Number of shares	RMB'000
<b>Issued and fully paid:</b>		
<b>At 1 January 2022</b> . . . . .	252,220,566	252,221
Issuance of shares for restricted shares incentive scheme ( <i>note 34(a)</i> ) . . . . .	9,352,260	9,352
<b>At 31 December 2022 and 1 January 2023</b> . . . . .	261,572,826	261,573
Issuance of shares for restricted shares incentive scheme ( <i>note 34(b)</i> ) . . . . .	6,650,115	6,650
Repurchase and cancellation of shares under restricted share incentive scheme ( <i>note 34(a)</i> ) . . . . .	(118,000)	(118)
<b>At 31 December 2023 and 1 January 2024</b> . . . . .	268,104,941	268,105
Repurchase and cancellation of shares under restricted share incentive scheme ( <i>note 34(a)</i> ) . . . . .	(63,100)	(63)
<b>At 31 December 2024, 1 January 2025 and 30 June 2025</b> . . . . .	268,041,841	268,042

## 33. RESERVES

**The Company**

The movement of the Company's reserves during the Track Record Period are as follows:

	Capital reserve	Shares held for restricted shares incentive scheme	Statutory reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2022</b> . . . . .	1,263,282	–	59,257	393,639	1,716,178
Transactions with owners:					
Issuance of shares in respect of restricted shares incentive scheme . . . . .	49,648	(59,000)	–	–	(9,352)
Vesting of awarded shares under restricted shares incentive scheme ( <i>note 34(a)</i> ) . . . . .	15,620	–	–	–	15,620
Share-based payment expense in respect of share options ( <i>note 34(b)</i> ) . . . . .	4,976	–	–	–	4,976
Appropriation to statutory reserves . . . . .	–	–	3,785	(3,785)	–
	70,244	(59,000)	3,785	(3,785)	11,244
Profit and total comprehensive income for the year . . . . .	–	–	–	37,852	37,852
<b>At 31 December 2022 and 1 January 2023</b> . . . . .	1,333,526	(59,000)	63,042	427,706	1,765,274
Transactions with owners:					
Exercise of share option . . . . .	79,205	–	–	–	79,205
Repurchase of awarded shares under restricted shares incentive scheme . . . . .	(651)	769	–	–	118

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
=====

	Capital reserve	Shares held for restricted shares incentive scheme	Statutory reserves	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>(Unaudited)</b>					
Balance as at 31 December 2023 and 1 January 2024 . . . . .	1,447,107	(58,231)	71,381	502,753	1,963,010
Transactions with owners:					
Dividend declared . . . . .	–	–	–	(35,650)	(35,650)
Repurchase of awarded shares under restricted shares incentive scheme (note 34(a)) . . . . .	(327)	390	–	–	63
Vesting of awarded shares under restricted shares incentive scheme (note 34(a)) . . . . .	5,042	–	–	–	5,042
	4,715	390	–	(35,650)	(30,545)
Profit and total comprehensive income for the period . . . . .	–	–	–	107,713	107,713
Balance as at 30 June 2024 . . . . .	1,451,822	(57,841)	71,381	574,816	2,040,178

### The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

### Capital reserve

Capital reserve mainly represents the excess of the net proceeds from issuance of shares of the Company over its par value.

Capital reserve also includes (i) the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired, (ii) the reserve for difference between the market price value at the grant date and grant price value of the restricted shares and (iii) the fair value of share options granted to directors and employees and is dealt with in accordance with the accounting policy set out in note 2.21.

### Shares held for restricted shares incentive scheme

Shares held for restricted shares incentive scheme are determined using the grant price value of restricted shares that have been granted, which are held by the Group's trustee.

### Statutory reserves

Statutory reserves represent the amounts set aside from the retained earnings by certain subsidiaries incorporated in the PRC. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances and cash dividends.

### Translation reserve

Translation reserve comprise all foreign exchange differences arising from translating the financial statements of foreign operations. The reserve is treated in accordance with the accounting policy in note 2.4.

### 34. SHARE-BASED PAYMENT

#### (a) Restricted shares incentive scheme

Pursuant to the restricted shares incentive scheme in 2021 (the “Restricted Share Incentive Scheme 2021”) and 2022 (the “Restricted Share Incentive Scheme 2022”), 3,361,000 and 5,991,260 restricted shares were granted to the selected participants in 2021 and 2022 respectively. The respective grant dates of Restricted Shares Incentive Scheme 2021 and 2022 are 5 January 2022 and 1 December 2022 respectively.

The selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the selected participants on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain members of senior management and employees of the Group who subscribed for the restricted shares at RMB6.52 per share under the terms of the Restricted Share Incentive Scheme 2021 and RMB6.19 per share under the terms of the Restricted Share Incentive Scheme 2022.

Under the terms of the restricted shares incentive schemes, if the vesting conditions: (a) performance target of the Company and (b) individual performance evaluation requirement on selected participants are fulfilled, the restricted shares shall be vested by 50% and 50% on each of the vesting period, respectively. During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, nil, 118,000, 63,100 and 22,000 unvested restricted shares were forfeited respectively as certain vesting conditions were not fulfilled.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Restricted Share Incentive Scheme 2021 and Restricted Share Incentive Scheme 2022 are to be forfeited.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>N mber of restricted shares</i>			
<b>Restricted Share Incentive Scheme 2021</b>				
At the beginning of the year/period . . . . .	–	3,361,000	1,610,500	–
Granted during the year/period . . . . .	3,361,000	–	–	–
Forfeited during the year/period . . . . .	–	(118,000)	–	–
Released during the year/period . . . . .	–	(1,632,500)	(1,610,500)	–
At the end of the year/period . . . . .	<u>3,361,000</u>	<u>1,610,500</u>	<u>–</u>	<u>–</u>

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>N mber of restricted shares</i>			
<b>Restricted Share Incentive Scheme 2022</b>				
At the beginning of the year/period . . . . .	–	5,991,260	5,991,260	2,964,632
Granted during the year/period . . . . .	5,991,260	–	–	–
Forfeited during the year/period (note)	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The fair value of the restricted shares issued was assessed based on the difference of the market price of the Company's shares at the respective grant date and the subscription price. The weighted average fair value of restricted shares granted during the year ended 31 December 2022 under Restricted Share Incentive Scheme 2021 and Restricted Share Incentive Scheme 2022 were approximately RMB6.76 and RMB6.10 per share respectively.

During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, the Group's trustee transferred nil, 1,632,500, 4,574,028 and 2,942,632 ordinary shares of the Company to the share awardees upon vesting of the awarded shares.

The Group recognised the expense of RMB15,620,000, RMB34,037,000, RMB9,610,000 and RMBnil for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025 in relation to the restricted share incentive schemes respectively.

**(b) Share options**

The Company has share option schemes which were adopted in February 2021 (the "Share Option Scheme 2021") and August 2024 (the "Share Option Scheme 2024") respectively. Pursuant to Share Option Scheme 2021 and Share Option Scheme 2024, the directors of the Company are recognised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company.

On 4 March 2021 and 26 August 2024, the Company granted 15,620,000 and 15,593,000 share options to the employees and directors under the Share Option Scheme 2021 and Share Option Scheme 2024 respectively. Each share option entitles the holder to subscribe for one share of the Company at an exercise price of RMB12.91 and RMB29.48 under the Share Option Scheme 2021 and Share Option Scheme 2024 respectively. The contractual life of these share options is the period from the date on which an option certificate is issued after acceptance by the grantees and expiring on 3 March 2024 and 25 August 2027 respectively.

50% and 50% of the options vest at first and second anniversary date of grant date and then exercisable within a period of twelve months. Options granted may have certain performance requirements in addition to services. If the performance conditions are not satisfied, the options are forfeited. Each option gives the holder the right to subscribe for one ordinary share in the Company.

All share options will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The terms and conditions of the grants are as follows:

	<u>Number of options</u>	<u>Vesting period</u>	<u>Contractual life of options</u>
<b>Share Option Scheme 2021</b>			
Options granted to directors			
4 March 2021 . . . . .	50,000	1 year from the date of grant	2 years
	50,000	2 years from the date of grant	3 years
Options granted to senior management			
4 March 2021 . . . . .	35,000	1 year from the date of grant	2 years
	35,000	2 years from the date of grant	3 years
Options granted to employee			
4 March 2021 . . . . .	7,725,000	1 year from the date of grant	2 years
	7,725,000	2 years from the date of grant	3 years

	Number of options	Vesting period	Contractual life of options
<b>Share Option Scheme 2024</b>			
Options granted to directors			
26 August 2024 . . . . .	75,000	1 year from the date of grant	2 years
	75,000	2 years from the date of grant	3 years
Options granted to senior management			
26 August 2024 . . . . .	37,500	1 year from the date of grant	2 years
	37,500	2 years from the date of grant	3 years
Options granted to employee			
26 August 2024 . . . . .	7,684,000	1 year from the date of grant	2 years
	7,684,000	2 years from the date of grant	3 years

Share options and weighted average exercise price are as follows for Track Record Period presented:

	As at 31 December						As at 30 June	
	2022		2023		2024		2025	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
	<i>RMB</i>		<i>RMB</i>		<i>RMB</i>		<i>RMB</i>	
Outstanding at the beginning of the year/period . . . . .	15,620,000	12.91	15,620,000	12.91	–	–	15,593,000	29.48
Granted . . . . .	–	–	–	–	15,593,000	29.48	–	–
Cancelled . . . . .	–	–	(8,969,885)	12.91	–	–	–	–
Exercised . . . . .	–	–	(6,650,115)	12.91	–	–	–	–
Outstanding at the end of the year/period . . . . .	<u>15,620,000</u>	<u>12.91</u>	<u>–</u>	<u>–</u>	<u>15,593,000</u>	<u>29.48</u>	<u>15,593,000</u>	<u>29.48</u>
Exercisable at the end of the year/period . . . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The options outstanding at 31 December 2022 and 2024, and 30 June 2025 had a weighted average remaining contractual life of 1.17 years, 2.66 years and 2.16 years respectively.

The fair values of options granted were determined using the Black-Scholes Option Pricing model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

<b>Share Option Scheme 2021</b>	
Share price . . . . .	RMB11.79
Expected volatility . . . . .	18.63%-18.95%
Expected option life . . . . .	1-2 years
Dividend yield . . . . .	0%
Risk-free interest rate . . . . .	1.50%-2.10%
Fair value at grant date . . . . .	RMB0.52-1.01
Exercise price . . . . .	<u>RMB12.91</u>

**Share Option Scheme 2024**

Share price . . . . .	RMB26.07
Expected volatility . . . . .	12.88%-12.92%
Expected option life . . . . .	1-2 years
Dividend yield . . . . .	0%
Risk-free interest rate. . . . .	1.50%-2.10%
Fair value at grant date . . . . .	RMB0.4-1.07
Exercise price . . . . .	<u>RMB29.48</u>

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of share options. Expectations of early exercise were incorporated into the Black-Scholes Option Pricing model. No special features pertinent to the options granted were incorporated into measurement of fair value.

In total, RMB4,976,000, RMB990,000, RMB2,424,000 and RMB3,499,000 of employee compensation expense has been recognised in profit or loss for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, respectively. The corresponding amount of which has been credited to “capital reserve”. No liability was recognised due to share options.

**35. RELATED PARTY TRANSACTIONS**

Other than disclosed in note 11, the Group had the following transactions with its related parties:

**Compensation of key management personnel**

Key management of the Group are the executive directors. The emoluments of directors were determined by the Remuneration Committee having regard to the performance of individual and market trends. The remuneration of key management personnel during the Track Record Period were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Una dited)	
Wages, salaries and bonuses . . . . .	6,503	6,624	6,541	3,323	3,219
Share based payment expenses. . . . .	319	504	116	68	30
Contribution to retirement benefit schemes . . . . .	120	140	192	108	111
Other employee benefit . . . . .	127	146	189	111	108
	<u>7,069</u>	<u>7,414</u>	<u>7,038</u>	<u>3,610</u>	<u>3,468</u>

**36. COMMITMENTS****36.1 Capital Commitments**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for:				
– Acquisition of property, plant and equipment . . . . .	<u>19,807</u>	<u>234,927</u>	<u>143,979</u>	<u>210,032</u>

## 36.2 Lease Commitments

	<u>Bank borrowings</u>	<u>Other borrowings</u>	<u>Lease liabilities</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December 2023 and</b>				
<b>1 January 2024</b> . . . . .	1,111,827	41,609	183,557	1,336,993
<b>Cash flows</b>				
– Repayment . . . . .	(1,668,561)	(43,107)	–	(1,711,668)
– Proceeds . . . . .	1,640,585	–	–	1,640,585
– Interest paid . . . . .	(43,891)	–	–	(43,891)
– Capital element of lease paid . . . . .	–	–	(36,026)	(36,026)
– Interest element of lease paid . . . . .	–	–	(7,752)	(7,752)
<b>Non-cash transactions</b>				
– New leases . . . . .	–	–	8,541	8,541
– Finance costs . . . . .	43,640	1,498	7,752	52,890
<b>At 31 December 2024 and</b>				
<b>1 January 2025</b> . . . . .	1,083,600	–	156,072	1,239,672
<b>Cash flows</b>				
– Repayment . . . . .	(623,863)	–	–	(623,863)
– Proceeds . . . . .	1,313,148	–	–	1,313,148
– Interest paid . . . . .	(19,692)	–	–	(19,692)
– Capital element of lease rentals paid . . . . .	–	–	(10,197)	(10,197)
– Interest element of lease rentals paid . . . . .	–	–	(3,398)	(3,398)
<b>Non-cash transactions</b>				
– New lease . . . . .	–	–	1,569	1,569
– Modifications . . . . .	–	–	753	753
– Finance costs . . . . .	20,865	–	3,398	24,263
– Exchange difference . . . . .	–	–	(432)	(432)
<b>At 30 June 2025</b> . . . . .	<u>1,774,058</u>	<u>–</u>	<u>147,765</u>	<u>1,921,823</u>
(Unaudited)				
<b>At 1 January 2024</b>	1,111,827	41,609	183,557	1,336,993
<b>Cash flows</b>				
– Repayment . . . . .	(760,547)	(37,718)	–	(798,265)
– Proceeds . . . . .	795,755	–	–	795,755
– Interest paid . . . . .	(26,856)	–	–	(26,856)
– Capital element of lease paid . . . . .	–	–	(27,830)	(27,830)
– Interest element of lease paid . . . . .	–	–	(3,970)	(3,970)
<b>Non-cash transactions</b>				
– New leases . . . . .	–	–	8,541	8,541
– Finance costs . . . . .	27,058	1,104	3,970	32,132
– Exchange difference . . . . .	–	–	286	286
<b>At 30 June 2024</b> . . . . .	<u>1,147,237</u>	<u>4,995</u>	<u>164,554</u>	<u>1,316,786</u>

### 38. BUSINESS COMBINATIONS

#### (a) Acquisition of AEI

On 20 December 2021, the Group had entered into a sales and purchase agreement to acquire 100% equity interest of AEI, a Delaware corporation who was mainly engaged in trading and research and development activities. The consideration for the acquisition was US\$7,300,000 (equivalents to approximately RMB46,535,000) and the acquisition was completed on 31 January 2022. The acquisition was made with the aims to enhance business scale of the Group and expand market scope of the Group.

**(b) Acquisition of Actiontec Shanghai**

On 20 December 2021, the Group had entered into share transfer agreement to acquire 100% equity interest of Actiontec Shanghai, a company incorporated in the PRC who was mainly engaged in research and development activities. The cash consideration for the acquisition was approximately RMB1,970,000 and the acquisition was completed on 31 January 2022. The acquisition was made with the aims to enhance business scale of the Group and expand market scope of the Group.

Details of the aggregate fair values of the identifiable assets and liabilities of the acquirees as at the date of acquisition are as follows:

	AEI	Actiontec Shanghai	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment ( <i>note 14</i> ) . . . . .	25	141	166
Intangible assets ( <i>note 18</i> ) . . . . .	303	–	303
Inventories . . . . .	27,881	–	27,881
Trade receivables . . . . .	28,124	1,622	29,746
Prepayments . . . . .	3,094	–	3,094
Cash and cash equivalents . . . . .	4,994	642	5,636
Trade payables . . . . .	(106,486)	–	(106,486)
Contract liabilities . . . . .	(1,906)	–	(1,906)
Other payables and accruals . . . . .	(8,463)	(435)	(8,898)
Net (liabilities)/assets acquired . . . . .	(52,434)	1,970	(50,464)
Less: cash considerations . . . . .	(46,535)	(1,970)	(48,505)
Goodwill ( <i>note 17</i> ) . . . . .	(98,969)	–	(98,969)
Deposits paid in December 2021 . . . . .	21,359	–	21,359
Consideration paid during the year ended			
31 December 2022 . . . . .	25,176	1,970	27,146
Total cash consideration . . . . .	46,535	1,970	48,505
Less: Cash and cash equivalents acquired . . . . .	(4,994)	(642)	(5,636)
Cash outflows arising on acquisition through			
business combinations . . . . .	41,541	1,328	42,869

**Ac i ed ecei able**

The fair value of acquired trade receivables and prepayments as at the date of acquisition were approximately RMB32,840,000. The gross contractual amount for trade receivables, due was approximately RMB29,746,000 on acquisition.

**Re en e and ofi con ib ion**

Since the acquisition date, AEI and Actiontec Shanghai had contributed US\$57,161,000 (equivalents to approximately RMB381,274,000) and RMB10,635,000 to revenue and US\$1,852,000 (equivalents to approximately RMB12,324,000) and loss of RMB2,477,000 to profit for the year ended 31 December 2022 respectively.

If the acquisition of AEI had occurred on 1 January 2022, consolidated pro-forma revenue and profit for the year ended 31 December 2022 would have been increased by approximately RMB21,508,000 and decreased by approximately RMB15,215,000 respectively.

If the acquisition of Actiontec Shanghai had occurred on 1 January 2022, consolidated pro-forma revenue and profit for the year ended 31 December 2022 would had been increased by approximately RMB3,197,000 and RMB2,122,000 respectively.

*Goodwill*

Goodwill arose from the acquisition of AEI because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits were not recognised separately from goodwill, because they did not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisitions were not expected to be deductible for tax purpose.

**39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS**

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

**39.1 Categories of financial assets and liabilities****The Group**

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at amortised cost</b>				
Trade and bills receivables . . . . .	1,606,878	1,115,577	1,238,116	1,580,191
Deposits and other receivables . . . . .	4,460	8,441	14,660	11,720
Pledged deposits . . . . .	35,500	20,000	20,000	20,000
Cash and cash equivalents . . . . .	354,707	417,977	507,341	588,231
	<u>2,001,545</u>	<u>1,561,995</u>	<u>1,780,117</u>	<u>2,200,142</u>
<b>Financial assets at FVTPL</b>				
Other financial assets . . . . .	<u>4,560</u>	<u>14,560</u>	<u>14,560</u>	<u>14,560</u>
	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial liabilities measured at amortised cost</b>				
Trade and bills payables . . . . .	1,780,381	864,443	1,234,954	1,594,909
Other payables and accruals . . . . .	180,566	137,203	148,472	112,570
Lease liabilities . . . . .	81,926	183,557	156,072	147,765
Bank borrowings . . . . .	913,014	1,111,827	1,083,600	1,774,058
Other borrowings . . . . .	268,971	41,609	–	–
	<u>3,224,858</u>	<u>2,338,639</u>	<u>2,623,098</u>	<u>3,629,302</u>

**39.2 Foreign currency risk**

The Group's subsidiaries mainly operate in the PRC, the USA and Japan and majority of the transactions are settled in RMB, USD and JPY, being the functional currency of the Group entities to which the transactions relate. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Exposure to foreign currencies as at 31 December 2022				
	USD	JPY	Other currencies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets . . . . .	1,722,078	3,007	6,015	1,731,100
Liabilities . . . . .	(510,265)	(11,672)	–	(521,937)
Net exposure . . . . .	1,211,813	(8,665)	6,015	1,209,163
Exposure to foreign currencies as at 31 December 2023				
	USD	JPY	Other currencies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets . . . . .	1,211,165	6,749	8,836	1,226,750
Liabilities . . . . .	(289,431)	(7,127)	(7)	(296,565)
Net exposure . . . . .	921,734	(378)	8,829	930,185
Exposure to foreign currencies as at 31 December 2024				
	USD	JPY	Other currencies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets . . . . .	1,497,795	11,333	3,951	1,513,079
Liabilities . . . . .	(471,109)	(3,491)	(125)	(474,725)
Net exposure . . . . .	1,026,686	7,842	3,826	1,038,354
Exposure to foreign currencies as at 30 June 2025				
	USD	JPY	Other currencies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets . . . . .	2,009,309	13,717	4,632	2,027,658
Liabilities . . . . .	(632,062)	(3,603)	(1,659)	(637,324)
Net exposure . . . . .	1,377,247	10,114	2,973	1,390,334

As at 31 December 2022, 2023, 2024 and 30 June 2025, if RMB appreciates or depreciates by 5% against the USD, the net profit of the Group will increase or decrease by RMB60,591,000, RMB46,087,000, RMB51,334,000 and RMB68,862,000. Management believes that 5% is a reasonable range of possible changes in the RMB against the USD.

Other change in foreign exchange rates have no significant impact on foreign currency risk.

**39.3 Interest rate risk**

Other than the interest-bearing bank deposits, the Group has no other significant interest-bearing assets bearing variable rates. It is not anticipated there is any significant impact to these interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's bank borrowings bearing floating rates expose the Group to cash flow interest rate risk. The Group has not hedged against such a risk as it does not see the benefit in so doing.

Based on the balance of its interest-bearing borrowings as at 31 December 2022, 2023, 2024 and six months ended 30 June 2025, it is estimated that should there be a general increase/decrease of 100 basis point change in interest rates, the Group's results of operations profits for the years ended 31 December 2022, 2023, 2024 and 30 June 2025 would be affected by approximately RMB561,000, RMB582,000, RMB1,784,000 and RMB3,137,000, respectively.

#### **39.4 Price risk**

The Group is not exposed to significant price risk as there has been no involvement with equity investment on an active market.

#### **39.5 Credit Risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's maximum exposure to credit risk for the components of the consolidated statements of financial position at 31 December 2022, 2023, 2024 and 30 June 2025 is the carrying amount as disclosed in note 39.1.

#### *Tade ecei able fom hi d a ie*

The Group's policy is to deal with credit worthy counterparties. Credit terms are granted to new

As at 31 December 2022, 2023, 2024 and 30 June 2025, since the credit risk of deposits and other receivables of approximately RMB4,135,000, RMB4,900,000, RMB9,491,000 and RMB5,941,000 is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12-month ECL, and ECL rates of 5%, 5%, 5% and 5%, were provided.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Group determines that the credit risk of deposits and other receivables of approximately RMB592,000, RMB4,271,000, RMB8,123,000 and RMB10,013,000 is considered significantly increased since initial recognition, therefore the impairment provision is determined as lifetime ECL (non-credited impaired), and ECL rates of 10.49%, 11.35%, 30.52% and 39.32%, were provided, while RMB5,604,000, RMB5,152,000, RMB2,749,000 and RMB2,747,000 is determined as lifetime ECL (credited impaired) respectively, therefore, full provision was provided as at 31 December 2022, 2023, 2024 and 30 June 2025.

To manage this risk arising from pledged deposits and cash at banks, the Group mainly transacts with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is minimal.

### 39.6 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by maintaining adequate cash and cash equivalents.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

#### The Group

	Within 1 year or on demand	After 1 but within 2 years	After 2 but within 5 years	After 5 years	Total undiscounted cash flow	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2022</b>						
<u>Non-derivative financial liabilities</u>						
Trade and bills payables . . . . .	1,780,381	–	–	–	1,780,381	1,780,381
Other payables and accruals . . . . .	180,566	–	–	–	180,566	180,566
Lease liabilities . . . . .	47,820	37,844	–	–	85,664	81,926
Bank borrowings . . . . .	927,260	–	–	–	927,260	913,014
Other borrowings . . . . .	196,241	96,055	18,593	–	310,889	268,971
	<u>3,132,268</u>	<u>133,899</u>	<u>18,593</u>	–	<u>3,284,760</u>	<u>3,224,858</u>

	Within 1 year or on demand	After 1 but within 2 years	After 2 but within 5 years	After 5 years	Total undiscounted cash flow	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

#### As at 31 December 2023

<u>Non-derivative financial liabilities</u>						
Trade and bills payables . . . . .	864,443	–	–	–	864,443	864,443
Other payables and accruals . . . . .	137,203	–	–	–	137,203	137,203
Lease liabilities . . . . .	45,715	23,770	73,728	72,800	216,013	183,557
Bank borrowings . . . . .	1,134,174	–	–	–	1,134,174	1,111,827
Other borrowings . . . . .	43,107	–	–	–	43,107	41,609
	<u>2,224,642</u>	<u>23,770</u>	<u>73,728</u>	<u>72,800</u>	<u>2,394,940</u>	<u>2,338,639</u>

	Within 1 year or on demand	After 1 but within 2 years	After 2 but within 5 years	After 5 years	Total undiscounted cash flow	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2024</b>						
<u>Non-derivative financial liabilities</u>						
Trade and bills payables . . . . .	1,234,954	–	–	–	1,234,954	1,234,954
Other payables and accruals . . . . .	148,472	–	–	–	148,472	148,472
Lease liabilities . . . . .	26,688	27,005	77,595	50,363	181,651	156,072
Bank borrowings . . . . .	1,008,231	92,678	–	–	1,100,909	1,083,600
	<u>2,418,345</u>	<u>119,683</u>	<u>77,595</u>	<u>50,363</u>	<u>2,665,986</u>	<u>2,623,098</u>

	Within 1 year or on demand	After 1 but within 2 years	After 2 but within 5 years	After 5 years	Total undiscounted cash flow	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2025</b>						
<u>Non-derivative financial liabilities</u>						
Trade and bills payables . . . . .	1,594,909	–	–	–	1,594,909	1,594,909
Other payables and accruals . . . . .	112,570	–	–	–	112,570	112,570
Lease liabilities . . . . .	27,592	27,433	78,239	36,692	169,956	147,765
Bank borrowings . . . . .	1,721,779	78,621	–	–	1,800,400	1,774,058
	<u>3,456,850</u>	<u>106,054</u>	<u>78,239</u>	<u>36,692</u>	<u>3,677,835</u>	<u>3,629,302</u>

### 39.7 Fair value measurements

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financial assets at FVTPL</b>				
– Unlisted equity investments . . . . .	–	–	4,560	4,560
	<u>–</u>	<u>–</u>	<u>4,560</u>	<u>4,560</u>

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at FVTPL</b>				
– Unlisted equity investments . . . . .	–	–	14,560	14,560
	=	=	=	=

	As at 31 December 2024			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at FVTPL</b>				
– Unlisted equity investments . . . . .	–	–	14,560	14,560
	=	=	=	=

	As at 30 June 2025			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at FVTPL</b>				
– Unlisted equity investments . . . . .	–	–	14,560	14,560
	=	=	=	=

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and the sensitivity analysis of fair value to the inputs:

	Fair value				Valuation technique	Significant unobservable input	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input
	As at 31 December		As at 30 June					
	2022	2023	2024	2025				
	RMB'000	RMB'000	RMB'000	RMB'000				
Financial assets at FVTPL								
– Unlisted equity investments . . . . .	4,560	14,560	14,560	14,560	Recent transaction price	N/A	N/A	N/A

#### 40. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

In order to maintain a desirable ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group monitors its capital structure on the basis of the debt to asset ratio (i.e. total liabilities divided by total assets). As at 31 December 2022, 2023, 2024 and 30 June 2025, the Group's debt to asset ratio is 63.2%, 51.7%, 52.6% and 59.4% respectively.

**41. CONTINGENT LIABILITIES**

CIG US is involved in a patent infringement lawsuit in the Northern District of California concerning eight patents related to optical module technologies. The court stayed the case in April 2025 after CIG US initiated inter partes review (IPR) proceedings for five of the patents. By late August 2025, four of the petitions were denied and one was granted, with oral arguments for the granted petition scheduled for June 2026. CIG USA is asking to review two of the rejected petitions and plans to challenge by filing a writ of mandamus with the U.S. Court of Appeals. In the opinion of the Directors, the court will resume litigation after all IPR outcomes are finalized, and no contingent liability has been recognized.

As of 31 December 2022, 2023, 2024 and 30 June 2025, the Group did not have any other material contingent liabilities, except for disclosed above.

**42. EVENTS AFTER THE REPORTING DATE**

On 18 August 2025, the Board of Directors resolved to distribute an interim dividend, representing not less than 10% of net profit for six months ended 30 June 2025 (i.e. approximately RMB 12,114,000). The interim dividend proposed after 30 June 2025 has not been recognised as a liability as at 30 June 2025.

The Group has evaluated the events after 30 June 2025 through the date of these Historical Financial Information. The Group is not aware of any other significant events after 30 June 2025 that would require recognition or disclosure in the Historical Financial Information except as disclosed above.

**43. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the Companies now comprising the Group in respect of any period subsequent to 30 June 2025 and up to the date of this report.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information set out in this Appendix does not form part of the Accountants' Report from Grant Thornton Hong Kong Limited, Certified Public Accountants, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed 'Financial Information' in this Prospectus and the Accountants' Report set out in Appendix I to this Prospectus.

### A.    UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2025 and based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 as derived from the Accountants' Report, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 30 June 2025 or any future dates:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025	Unaudited pro forma adjusted consolidated net tangible assets per share	
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>
Based on the Offer Price of HK\$68.88 per H Share . . .	<u>1,749,601</u>	<u>4,092,381</u>	<u>5,841,982</u>	<u>17.44</u>	<u>19.10</u>

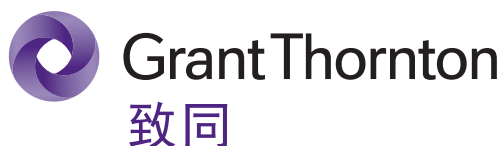
---

*Notes:*

- (1) The adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 is extracted from the Accountants' Report of the Company as set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company of approximately RMB2,396,262,000 with adjustments for the goodwill and intangible assets attributable to the owners of the Company as at 30 June 2025 of RMB98,969,000 and RMB547,692,000, respectively.
- (2) The estimated net proceeds from the Global Offering are based on 67,010,500 H Shares and the indicative Offer Price of HK\$68.88 (equivalent to RMB62.89) per H Share after deduction of the estimated underwriting fee and other estimated listing-related expenses incurred or expected to be incurred by the Group subsequent to 30 June 2025, other than those expenses which had been recognised in profit or loss prior to 30 June 2025, and takes no account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option, any Shares that may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the Share Schemes or any Shares which may be issued or repurchased by the Company after the Latest Practicable Date.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 335,030,341 Shares (representing 268,041,841 Shares in issue as at 30 June 2025, excluding 22,000 Shares held for restricted shares incentive scheme as at 30 June 2025, adding 67,010,500 Offer Shares) were in issue, assuming that the Global Offering had been completed on 30 June 2025 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option, any Shares that may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the Share Schemes or any Shares which may be issued or repurchased by the Company after the Latest Practicable Date.
- (4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets per Share, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.9130. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2025 to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025. In particular, the above unaudited pro forma adjusted net tangible  
8]TJT\*3o[(8]8]TJ(been)-8]TJtake)-8]TJ(or)-33lesubseq8]TJT.8(of)-3027.6(above)lesu4(hmve)lemay

*The following is the text of the report received from the reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation in this Prospectus.*

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**



**To the Directors of CIG Shanghai Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CIG Shanghai Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2025 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 20 October 2025 (the “Prospectus”), in connection with the proposed initial public offering of the Company’s H shares (the “Global Offering”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Global Offering on the Group’s financial position as at 30 June 2025 as if the Global Offering had taken place at 30 June 2025. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 30 June 2025, on which an accountants’ report has been published.

**Directors’ Responsibilities 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) 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” issued by the HKICPA, 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 Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 Global Offering as at 30 June 2025 would have been as presented.

---

**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

---

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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited 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' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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 by the directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong SAR

20 October 2025

Han Pui Yu  
Practising Certificate No.: P07101

## TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Prospectus, which is subject to change or adjustment and may have a retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation, and profit tax, stamp duty, and estate duty were referred to the discussion. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong, and other tax consequences of owning and disposing of H Shares.

### THE PRC TAXATION

#### Taxation on Dividends

##### *Indi id al In e o*

Pursuant to the IIT Law and *the Implementation Reg lations for the IIT La* , which was most recently amended on December 18, 2018, and effective on January 1, 2019, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. At the same time, according to the *Notice on Iss es Relating to Differentiated Indi id al Income Tak Policies for Di idends and Bon ses of Listed Companies* (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015, and effective on September 8, 2015, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempt from individual income tax; where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for one month or less, the full amount of such income from dividends shall be included in taxable income; if the individual holds the stocks for more than one month to one year, 50% of such income from dividends shall be included in taxable income; the aforesaid income is subject to an individual income 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 an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

The PRC and the government of Hong Kong entered into the *Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”) on August 21, 2006. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The *Fifth Protocol of the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) (the “**Fifth Protocol**”), which became effective on December 6, 2019, adds a criterion for the qualification of entitlement to enjoy treaty benefits.

#### *Enterprise Income*

In accordance with the EIT Law, which was promulgated by the SCNPC on March 16, 2007, and was most recently amended with immediate effect on December 29, 2018, and the *Implementation Rules of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) most recently amended on December 6, 2024, the rate of Enterprise Income Tax (the “**EIT**”) shall be 25%. A non-resident enterprise is generally subject to a 10% EIT on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), 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 by non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. The *Circular on Issues Relating to the Withholding and Remittance of EIT by PRC Resident Enterprises on Dividends Distributed to Overseas Non-resident Enterprise Shareholders of H Shares* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented 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 EIT on Dividends Derived by Non-resident Enterprise from Holding Stocks 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》), which was issued by the SAT and effective 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 rates 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, the PRC Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits. 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 or transactions which will bring any direct or indirect benefits under this Arrangement, 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 and regulation, such as the *Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements* (《關於執行稅收協定股息條款有關問題的通知》) issued with immediate effect on February 20, 2009.

#### *Taxation on Dividends*

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions, including but not limited to Hong Kong Special Administrative Region, Macau Special Administrative Region, 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 taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

#### **Taxation on Share Transfer**

##### *Individual Income Tax*

According to IIT Law and Implementation Regulations for the IIT Law, the gains realized from the disposal of equity interests in PRC resident enterprises are subject to an individual income tax rate of 20%. Pursuant to *Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, the income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax since January 1, 1997. On December 31, 2009, the MOF, the SAT and the CSRC jointly issued the *Circular on Related Issues on Levying Individual Income Tax on the Income Received by Individuals 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 states that, since January 1, 2010, income derived by individuals from transfer of shares of listed companies issued to the public by the listed companies and transfer of shares of listed companies obtained from the market at the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax. On December 27, 2024, the MOF, the SAT and the CSRC jointly issued the *Announcement on the Further Improvement of the Administration of Individual Income Tax on the Transfer of Restricted Shares of Listed Companies by Individuals* (《關於進一步完善個人轉讓上市公司限售股所得個人所得稅有關徵管服務事項的公告》), which was effective on the date of issuance, and any inconsistency with this announcement shall be in accordance with this announcement.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC 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 overseas. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

#### *Enterprise Income*

In accordance with the EIT Law and the Implementation Rules of the Enterprise Income Tax Law of the PRC, a non-resident enterprise is generally subject to EIT at the rate of 10% on PRC-sourced income, including gains derived from 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 is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on the avoidance of double taxation.

#### **Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect**

##### *Taxation Policies*

On October 31, 2014 and November 5, 2016, the MOF, SAT and CSRC jointly issued the *Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market* (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the *Circular on the Relevant Taxation Policies regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market* (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong

Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from EIT according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the “CSDC”), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On August 21, 2023, the MOF, the SAT and the CSRC jointly issued the *Announcement on the Continuation of Implementation of Individual Income Tax Policies Relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and Mutual Recognition of Funds between Chinese Mainland and Hong Kong* (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis until December 31, 2027.

### **Stamp Duty**

Pursuant to the *Stamp Duty Law of the PRC* (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and effective on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, 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 the PRC.

### **Estate Duty**

As of the Latest Practicable Date, no estate duty has been levied in the PRC under the PRC laws.

## PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

### Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as “enterprises”) within the territory of the PRC are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT rate is 25%.

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

A resident enterprise shall mean an enterprise lawfully incorporated in the PRC or an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) but where actual management functions are conducted in the PRC. A non-resident enterprise shall mean an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) that has an office or premises established in the PRC with no actual management functions performed in the PRC, or an enterprise that has income derived from or accruing in the PRC although it does not have an office or premises in the PRC.

The EIT shall be payable by a resident enterprise for income derived from or accruing in or outside the PRC. The EIT shall be payable by a non-resident enterprise, for income derived from or accruing in the PRC by its office or premises established in the PRC, and for income derived from or accruing outside the PRC for which the established office or premises has a de facto relationship. Where the non-resident enterprise has no office or premises established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, the EIT shall be payable by the non-resident enterprise for income derived from or accruing in the PRC.

### Value-added Tax

According to the VAT Regulations, which was recently amended with immediate effect on November 19, 2017, and the *Implementing Rules for the Provisional Regulations on Value-added Tax of the PRC* (《中華人民共和國增值稅暫行條例實施細則》), which was recently amended on October 28, 2011 and effective on November 1, 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 value-added tax at the rate of 0%, 6%, 11% and 17% for the di8(201)36.for the

According to the Notice of the MOF and the SAT on the Relevant Policies on the Streamlining and Combination of Value-added Tax Rates (《財政部、國家稅務總局關於簡併增值稅稅率有關政策的通知》), the Notice of the MOF and the SAT on the Adjusting Value added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) and the Announcement of the MOF, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》), the VAT tax rates currently implemented is 13%, 9%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

### FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The *Regulations on Foreign Exchange Control of the PRC* (《中華人民共和國外匯管理條例》), which was promulgated on January 29, 1996 and was recently amended with immediate effect on August 5, 2008, classifies all international payments and transfers into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in the conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditures occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

According to the *Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism* (《關於完善人民幣匯率形成機制改革的公告》), which was promulgated by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the RMB exchange rate was no longer pegged to the U.S. dollar. The PBOC would publish the closing price of the exchange rate of the RMB against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against RMB transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the *Decision of the State Council on Matters including Canceling and Adjusting a Batch of Administrative Approval Items* (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, the approval requirement by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts is cancelled.

Pursuant to the *Notice on Issues concerning Foreign Exchange Control Pertaining to Overseas Listing* (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) which was issued by the SAFE and became effective on December 26, 2014, a domestic company shall, within 15 business days from the date of the completion of its overseas listing issuance, register the overseas listing with the local branch office of SAFE at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the *Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued on February 13, 2015 and was recently amended with immediate effect on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the *Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was issued on June 9, 2016 and was recently amended with immediate effect on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital. The tentative percentage of foreign exchange settlement for foreign currency earnings in the capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the *Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance* (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) to further expand the scope of 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 RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB 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 issued the *Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-Board Trade and Investment* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended with immediate effect on December 4, 2023. The notice canceled restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

**HONG KONG TAXATION****Dividend Taxation**

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

**Capital Gains and Profit Tax**

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares effected on the Stock Exchange. Capital gains from the sale of H Shares that are derived from outside Hong Kong but received in Hong Kong by a member of a MNE Group (as defined under the Inland Revenue Ordinance (Cap. 112) (“IRO”) carrying on a trade, profession or business in Hong Kong, may be chargeable to Hong Kong profits tax if the member does not carry on specified economic activities (as defined under the IRO) in Hong Kong. Tax exemption and relief for foreign tax imposed on the gain may apply where specific conditions are met.

Trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. A concessionary tax rate at half of the applicable tax rate may apply to the first HKD2 million of assessable profits of corporations or unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Hong Kong has also introduced the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 to implement a domestic minimum top-up tax. For all fiscal years commencing on or after 1 January 2025, income of a constituent entity of an in-scope MNE group that is located in Hong Kong may also be subject to top-up tax.

**Stamp Duty**

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of the Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

**Estate Duty**

Pursuant to the Revenue (Abolition of Estate Duty) Ordinance 2005, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after February 11, 2006.

This appendix summarizes certain aspects of the PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Taxation and Foreign Exchange" in Appendix III to this Prospectus. This appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" for details.

## **THE PRC LEGAL SYSTEM**

The PRC legal system is based on the *PRC Constitution* (《中華人民共和國憲法》) (the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the *Legislation Law of the PRC* (《中華人民共和國立法法》) (the "**Legislation Law**"), which was amended by the NPC on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental 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 such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions need to be approved before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or 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.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the *Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws* (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific

application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

### **PRC JUDICIAL SYSTEM**

According to the Constitution and the *Organic Law of the People's Courts of PRC* (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the *Organic Law of the People's Procuratorates of PRC* (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and 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 are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final

judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The *PRC Civil Procedure Law* (《中華人民共和國民事訴訟法(2023年修訂)》) (the “**PRC Civil Procedure Law**”), adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or

ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

### **THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION**

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law, was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised PRC Company Law came into effect on 1 July 2024.

The Trial Measures and the Filing Rules promulgated by the CSRC on 17 February 2023 came into effect on 31 March 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offers and list overseas, it shall formulate its articles of association in line with the *Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》) (the “**Guidelines for Articles of Association**”), in place of the *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (《到境外上市公司章程必備條款》) which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

#### **General Provisions**

“A joint stock limited company” means a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

**Incorporation**

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notify all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only in the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the Board of Directors and the Supervisory Committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the Board of Directors shall authorize a representative to file an application for registration of establishment with the company registration authority. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

**Registered Shares**

Under the PRC Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property right, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the PRC Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

**Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issuing and listing overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

### **Increase in Share Capital**

Under the PRC Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the Shareholders' Meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

### **Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- (i) to prepare a balance sheet and a property list;
- (ii) a company makes a resolution at Shareholders' Meeting to reduce its registered capital;
- (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

**Repurchase of Shares**

Under the PRC Company Law, a company shall not purchase its own shares. Except for the following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the Shareholders' Meeting on the merger or division of the company, the right to demand the company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board of Directors meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share held accumulatively by the company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

**Transfer of Shares**

Shares held by a shareholder may be transferred according to the law. Under the PRC Company Law, a shareholder should affect a transfer of his shares on an established securities exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for

a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the PRC Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

### **Shareholders**

Under the PRC Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include:

- (i) to receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the Shareholders' Meeting and exercise corresponding voting rights;
- (iii) to supervise business operations of the company, provide suggestions or submit queries;
- (iv) to transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (v) to read and copy the Articles of Association, the register of Shareholders, Shareholders' Meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Supervisory Committee and financial and accounting reports;
- (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers as required by laws;

- (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation;
- (viii) to require the company to acquire the shares from Shareholders voting against any resolutions adopted at the Shareholders' Meeting concerning the merger and division of the Company;
- (ix) other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where the company's shares are listed, or the Articles of Association.

The obligations of a shareholder of a company include:

- (i) to abide by laws, administrative regulations and the Articles of Association;
- (ii) to provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;
- (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed.

### **Shareholders' Meetings**

Under the PRC Company Law, the Shareholders' Meeting of a joint stock limited company is made up of all shareholders. The Shareholders' Meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) electing and replacing directors and supervisors and deciding on their remunerations;
- (ii) deliberating on and approving the reports of the Board of Directors;
- (iii) deliberating on and approving the reports of the Supervisory Committee;
- (iv) deliberating on and approving the plans for profit distribution and making up losses of the company;

- (v) making resolutions on the increase or decrease of the registered capital of the company;
- (vi) making resolutions on the issuance of corporate bonds;
- (vii) making resolutions on the merger, division, dissolution, liquidation or change of corporate form of the company;
- (viii) amending the articles of association; and
- (ix) other functions and powers as prescribed in the articles of association.

Under the PRC Company Law, annual Shareholders' Meetings are required to be held once every year. An extraordinary Shareholders' Meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the articles of association;
- (ii) when the unrecovered losses of a company amount to one-third of the share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company's shares request;
- (iv) when deemed necessary by the Board of Directors;
- (v) the Supervisory Committee proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

Shareholders' Meeting shall be convened by the Board of Directors, and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the Board of Directors is incapable of performing or is not performing its duties to convene the Shareholders' Meeting, the Supervisory Committee should convene and preside over Shareholders' Meeting in a timely manner. If the Supervisory Committee fails to convene and preside over Shareholders' Meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over Shareholders' Meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim Shareholders' Meeting, the Board of Directors and the Supervisory Committee should, within 10 days after the receipt of such request, decide whether to hold an interim Shareholders' Meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before Shareholders' Meeting. The convener shall issue a supplementary notice of Shareholders' Meeting within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, a shareholder may entrust a proxy to attend a Shareholders' Meeting, and it should clarify the matters, powers and time limit of the proxy.

**Directors**

Under the PRC Company Law, a joint stock limited company should have a Board of Directors, but a company with a small scale or a small number of shareholders can not have a Board of Directors. A Board of Directors should consist of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the Board of Directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board of Directors exercises the following functions and powers:

- (i) to convene Shareholders' Meeting and report its work to the Shareholders' Meeting;
- (ii) to implement the resolutions of the Shareholders' Meeting;
- (iii) to decide on a company's business plans and investment plans;
- (iv) to formulate a company's profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;
- (ix) to formulate a company's basic management system;
- (x) other functions and powers specified in the articles of association or granted by the Shareholders' Meeting.

Board of Directors meetings shall be held only if more than half of the directors are present. If a director is unable to attend a Board of Directors meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the Board of Directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate

the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the PRC Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and
- (v) being listed as one of “dishonest persons subject to enforcement” by the people’s court due to his/her failure to pay off a relatively large amount of due debts.

The Board of Directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

- (i) to preside over Shareholders’ Meetings and convene and preside over Board of Directors meetings;
- (ii) to examine the implementation of resolutions of the Board of Directors;
- (iii) to exercise other powers conferred by the Board of Directors.

## **Supervisors**

Under the PRC Company Law, except as otherwise provided by law, a joint stock limited company shall have a Supervisory Committee composed of not less than three members. The Supervisory Committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association.

A corporation may, in accordance with the company bylaws, have an audit committee composed of directors under the board of directors to exercise the powers of a board of supervisors set out in this Law, dispensing with a board of supervisors or supervisors.

## **Managers and Senior Management**

Under the PRC Company Law, a company should have a manager who is appointed or removed by the Board of Directors. The manager is responsible to the Board of Directors and exercises his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the PRC Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the Board of Directors of listed company and other personnel as stipulated in the articles of association of the company.

## **Duty**

- (v) unauthorized divulgence of confidential business information of the company; or
- (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the Board of Directors or Shareholders' Meeting, subject to the approval of the Board of Directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor nor senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the Board of Directors or the Shareholders' Meeting and has been approved by a resolution of the Board of Directors or the Shareholders' Meeting according to the Articles of Association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the Board of Directors or the Shareholders' Meeting and obtain an approval by resolution of the Board of Directors or the Shareholders' Meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

### **Finance and Accounting**

Under the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a

financial and accounting report which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital.

If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the meeting or the Shareholders' Meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

**Appointment and Dismissal of Accounting Firms**

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a Shareholders' Meeting, the Board of Directors or the Supervisory Committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the meeting, the Board of Directors or the Supervisory Committee conduct a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the meeting of shareholders.

**Profit Distribution**

Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

**Dissolution and Liquidation**

According to the PRC Company Law, a company shall be dissolved for the following reasons:

- (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) dissolution by a resolution of the shareholders' meeting;
- (iii) dissolution is necessary due to a merger or division of the company;
- (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

- (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i), (ii) above and has not yet distributed property to shareholders, it may carry on its existence by amending its articles of association or upon a resolution of the Shareholders' Meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution.

The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the Shareholders' Meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company's property and respectively prepare balance sheet and list of property;
- (ii) to notify creditors by notice or public announcement;
- (iii) to deal with the outstanding business of the company involved in the liquidation;
- (iv) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the Shareholders' Meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

**Overseas Listing**

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

**Loss of Share Certificates**

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

**Suspension and Termination of Listing**

The PRC Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

**SECURITIES LAW AND REGULATIONS**

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the PRC

or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

The *Provisional Regulations for the Administration of Issuing 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 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The *Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies* (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

#### **ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS**

Under the *Arbitration Law of the PRC* (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the SCNPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an

award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the *Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on 24 January 2000 and effective on 1 February 2000, and the *Supplemental Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

This Appendix is mainly providing potential investors with an overview on the Articles of Association of the Company. The following information is only a summary, not covering all the information that may be material to potential investors.

## **INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES**

### **Increase/Decrease of Shares**

In light of the needs of the Company's operation and development, and in accordance with the provisions of laws and administrative regulations, the Company may, upon separate resolutions adopted by the Shareholders' Meeting, increase its capital by adopting the following methods:

- (i) offering of shares to non-specific investors;
- (ii) offering of shares to specific investors;
- (iii) allotting bonus shares to existing shareholders;
- (iv) converting the capital reserve into share capital;
- (v) other methods as prescribed by laws and administrative regulations, and approved by the CSRC, the securities regulatory authority in the place where the Company's shares are listed, and the stock exchange.

According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital. When reducing the registered capital, the Company shall follow the procedures stipulated in the PRC Company Law, other relevant regulations, and the Company's Articles of Association.

### **Repurchase of Shares**

The Company may acquire its own shares in accordance with the provisions of laws, administrative regulations, departmental rules and regulations, and the Company's Articles of Association under the following circumstances:

- (i) reducing the Company's registered capital;
- (ii) merging with other companies that hold shares of the Company;
- (iii) using the shares for an employee shareholding plan or equity incentive;



transferred within one year as of the date when the Company's shares are listed and traded. Within six months after the above-mentioned personnel leave their positions, they shall not transfer the shares of the Company they hold. Where the securities regulatory rules of the place where the Company's shares are listed have otherwise provided for the restrictions on the transfer of the Company's shares, such provisions shall prevail.

## **SHAREHOLDERS AND SHAREHOLDERS' MEETINGS**

### **Shareholders**

The shareholders of the Company shall be entitled to the following rights:

- (i) to receive dividends and other forms of profit distribution in accordance with the number of shares held;
- (ii) to legally request, convene, chair, attend or authorize a proxy to attend a general meeting and speak at the meeting and legitimately exercise corresponding voting rights, save for individual shareholders are required to waive their voting rights on individual matters under the securities regulatory rules of the listing place or applicable laws and regulations;
- (iii) to supervise the Company's operation and put forward suggestions or inquiries;
- (iv) to transfer, donate or pledge the shares held in accordance with the provisions of laws, administrative regulations and the Company's Articles of Association;
- (v) to inspect and replicate the Articles of Association, the register of members, minutes of general meetings, resolutions of the Board meetings and financial accounting reports. Shareholders who meet the relevant requirements may inspect the Company's accounting books and accounting vouchers;
- (vi) when the Company is terminated or liquidated, to participate in the distribution of the Company's remaining property in accordance with the number of shares held;
- (vii) shareholders who dissent from the resolutions of the Company's merger or division passed by the Shareholders' Meeting may request the Company to acquire their shares;
- (viii) other rights as provided for by laws, administrative regulations, departmental rules and regulations, the Company's Articles of Association or the securities regulatory rules of the place where the company's shares are listed.

If the contents of the resolutions of the Company's Shareholders' Meeting or the Board of Directors violate laws or administrative regulations, shareholders shall have the right to request the people's court at the Company's place of registration to determine such resolutions invalid. If the convening procedures or voting methods of the Shareholders' Meeting or the Board of Directors' meeting violate laws, administrative regulations or the Company's Articles of Association, or if the contents of the resolutions violate the Company's Articles of Association, shareholders shall have the right to request the people's court at the Company's place of registration to revoke such resolutions within 60 days as of the date of adoption of the resolutions. However, this shall not apply where there are only minor flaws in the convening procedures or voting methods of the Shareholders' Meeting or the Board of Directors' meeting and such flaws have not had a substantial impact on the resolutions.

The Shareholders of the Company shall undertake the following obligations:

- (i) to abide by laws, administrative regulations and the Company's Articles of Association;
- (ii) to pay the share capital in accordance with the subscribed shares and the method of shareholding;
- (iii) except in the circumstances provided for by laws and regulations, not to withdraw from the shares;
- (iv) not to abuse the shareholder rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the Company's creditors;
- (v) other obligations that shall be borne as provided for by laws, administrative regulations, the Company's Articles of Association or the securities regulatory rules of the place where the Company's shares are listed.

Where a shareholder of the Company abuses the shareholder rights and causes losses to the Company or other shareholders, he/she shall bear the liability for compensation in accordance with the law. Where a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts, which seriously damages the interests of the Company's creditors, he/she shall bear joint and several liability for the Company's debts.

The controlling Shareholder or actual controller of the Company shall not utilize its related-party relationship against the interests of the Company, or else, shall compensate the Company for any loss incurred.

**General Provisions for Shareholders' Meetings**

The Shareholders' Meeting is the power organ of the Company and shall exercise the following authorities in accordance with the law:

- (i) to elect and replace directors, and to decide on matters regarding their remuneration;
- (ii) to consider and approve the report of the Board of Directors;
- (iii) to consider and approve the Company's profit distribution plan and the plan for making up losses;
- (iv) to pass resolutions on the increase or decrease of the Company's registered capital;
- (v) to pass resolutions on the issuance of corporate bonds;
- (vi) to pass resolutions on the merger, division, dissolution, liquidation of the Company or the change of the Company's form;
- (vii) to amend the Company's Articles of Association;
- (viii) to decide on the Company's appointment or removal of accounting firms which engage in auditing matters in relation to the Company;
- (ix) to consider and approve the guarantee matters specified in the Company's Articles of Association;
- (x) to consider and approve any related party/connected transaction (except for transactions which the Company is given cash gift or provided with guarantees) which the Company intends to enter with related/connected parties with an amount of over RMB10 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets;
- (xi) to consider matters concerning the Company's purchase and sale of major assets within one year, where the value of such assets exceeds 30% of the Company's latest audited total assets;
- (xii) to consider and approve matters concerning the change of the use of raised funds;
- (xiii) to consider and approve the equity incentive plan and the employee shareholding plan;

- (xiv) to authorize the Board of Directors to decide to issue shares with an aggregate amount of financing not exceeding RMB300 million and not exceeding 20% of the net assets as at the end of the most recent year to specific parties, and such authorization shall expire on the date of the next annual general meeting;
- (xv) specifically for any annual general meeting, to authorize the Board to issue shares with a total financing amount of not more than RMB0.3 billion and not more than 20% of the net assets at the end of the latest year, and such authorization shall become invalid on the date when next general meeting is convened;
- (xvi) to consider and approve other matters that should be decided by the Shareholders' Meeting as stipulated by laws, administrative regulations, departmental rules and regulations, the Company's Articles of Association, or the securities regulatory rules of the place where the Company's shares are listed.

The Shareholders' Meeting is divided into the annual Shareholders' Meeting and the extraordinary Shareholders' Meeting. The annual Shareholders' Meeting shall be held once each fiscal year and shall be convened within six months after the end of the previous fiscal year. In case any of the following circumstances occurs, the Company shall convene an extraordinary Shareholders' Meeting within two months as of the date when the relevant fact occurs:

- (i) when the number of directors is less than the statutory minimum number specified in the PRC Company Law or two-thirds of that specified in the Company's Articles of Association;
- (ii) when the Company's uncovered losses reach one-third of the total share capital;
- (iii) when shareholders who individually or jointly hold more than 10% of the total number of the Company's shares make a request;
- (iv) when the Board of Directors deems it necessary;
- (v) when a majority of all independent non-executive directors propose to convene the meeting;
- (vi) when the audit committee proposes to convene the meeting;
- (vii) in other circumstances as provided for by laws, administrative regulations, departmental rules and regulations, the Company's Articles of Association or the securities regulatory rules of the place where the Company's shares are listed.

**Convening of Shareholders' Meetings**

With the approval of a majority of all independent non-executive directors, independent non-executive directors shall have the right to propose in writing to the Board of Directors to convene an extraordinary Shareholders' Meeting. Regarding the proposal of the independent non-executive directors to convene an extraordinary Shareholders' Meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. If the Board of Directors disagrees to convene the extraordinary Shareholders' Meeting, it shall state the reasons and make an announcement.

The audit committee shall have the right to propose in writing to the Board of Directors to convene an extraordinary Shareholders' Meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. 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 the extraordinary Shareholders' Meeting, or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty of convening the Shareholders' Meeting, and the audit committee may convene and preside over the Shareholders' Meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary Shareholders' Meeting and shall submit the request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the request. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. 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 the extraordinary Shareholders' Meeting, or fails to provide feedback within 10 days upon receipt of the request, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose to the audit committee to convene an extraordinary Shareholders' Meeting and shall submit the request to the audit committee in writing. If the audit committee agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days upon receipt of the request. Any changes to the original proposal in the notice shall be subject to the

consent of the relevant shareholders. If the audit committee fails to issue a notice for the Shareholders' Meeting within the specified time limit, it shall be deemed that the audit committee will not convene and preside over the Shareholders' Meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the shareholders' meeting on their own.

#### **Notice of Shareholders' Meeting**

The annual Shareholders' Meeting shall notify each shareholder in writing (including through announcements) 21 days prior to the convening of the meeting, and the extraordinary Shareholders' Meeting shall notify each shareholder in writing (including through announcements) 15 days prior to the convening of the meeting.

The written notice of the Shareholders' Meeting shall include the following contents:

- (i) the time, place and duration of the meeting;
- (ii) the matters and proposals to be considered at the meeting;
- (iii) it shall be clearly stated in writing that all shareholders have the right to attend the Shareholders' Meeting, and may entrust an agent in writing to attend the meeting and participate in the voting. the shareholder's agent does not have to be a shareholder of the Company;
- (iv) the record date for equity of shareholders entitled to attend the Shareholders' Meeting;
- (v) the name and telephone number of the permanent contact person for the meeting affairs;
- (vi) the voting time and voting procedures for online or other methods;
- (vii) other requirements as provided for by laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association.

The notice and supplementary notice of the Shareholders' Meeting shall include the contents specified in the securities regulatory rules of the place where the Company's shares are listed and this Articles of Association, and shall fully and completely disclose all the specific contents of all the proposals. Where matters to be discussed require independent non-executive directors to express their opinions, the opinions and reasons of the independent non-executive directors shall be disclosed simultaneously when the notice or supplementary notice of the Shareholders' Meeting is issued.

The start time of the online or other forms of voting for the Shareholders' Meeting shall not be earlier than 3:00 p.m. of the day prior to the convening of the on-site Shareholders' Meeting, and shall not be later than 9:30 a.m. of the day when the on-site Shareholders' Meeting is convened. The end time of the voting shall not be earlier than 3:00 p.m. of the day when the on-site Shareholders' Meeting ends.

The interval between the equity record date and the meeting date shall not be more than 7 working days. Once the equity record date is confirmed, it shall not be changed.

After the notice of the Shareholders' Meeting is issued, without justifiable reasons, the Shareholders' Meeting should not be postponed or cancelled, and the proposals listed in the notice of the Shareholders' Meeting should not be cancelled. In case of any postponement or cancellation, the convener shall make an announcement and state the reasons at least 2 working days before the originally scheduled convening date. Where the securities regulatory rules of the place where the Company's shares are listed have special provisions on the procedures for postponing or cancelling the Shareholders' Meeting, such provisions shall prevail, provided that they do not violate the domestic regulatory requirements.

#### **Proposals at Shareholders' Meetings**

When the Company convenes a Shareholders' Meeting, the Board of Directors, the audit committee, and shareholders who individually or jointly hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may put forward an extraordinary proposal 10 days before the convening of the Shareholders' Meeting and submit it in writing to the convener. The convener shall issue a supplementary notice of the Shareholders' Meeting within 2 days after receiving the proposal, and announce the content of the extraordinary proposal. If, in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the Shareholders' Meeting needs to be postponed due to the publication of the supplementary notice of the Shareholders' Meeting, the convening of the Shareholders' Meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances specified in the preceding paragraph, after issuing the notice and announcement of the Shareholders' Meeting, the convener shall not modify the proposals already listed in the notice of the Shareholders' Meeting or add new proposals.

#### **Proxy for the Shareholders' Meeting**

Shareholders may attend the Shareholders' Meeting in person, or entrust an agent to attend and vote on their behalf. The agent need not be a shareholder of the Company.

If a natural person shareholder attends the meeting in person, he/she shall present his/her identity card or other valid certificates or documents indicating his/her identity; if entrusting an agent to attend the meeting, he/she shall present his/her valid identity document, the power of attorney from the shareholder.

A corporate shareholder shall be represented by its legal representative or an agent entrusted by the legal representative to attend the meeting and vote at the meeting. When the legal representative attends the meeting, he/she shall present his/her identity card, the business license of the corporate shareholder affixed with the official seal, a valid certificate proving his/her qualification as the legal representative; when an agent is entrusted to attend the meeting, the agent shall present his/her identity card, the written power of attorney lawfully issued by the legal representative of the corporate shareholder, the business license of the corporate shareholder affixed with the official seal (except when the shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinances promulgated from time to time in Hong Kong).

A shareholder of an unincorporated partnership enterprise shall be represented by a natural person executive partner or a delegated representative of a non-natural person executive partner to attend the meeting, or by an agent entrusted by the aforesaid person to attend the meeting and vote at the meeting. When a natural person executive partner or a delegated representative of a non-natural person executive partner attends the meeting, he/she shall present his/her identity card, a valid certificate proving his/her qualification as a natural person executive partner or a delegated representative of a non-natural person executive partner; when an agent is entrusted to attend the meeting, the agent shall present his/her identity card, the written power of attorney lawfully issued by the natural person executive partner or the delegated representative of the non-natural person executive partner of the shareholder entity (except when the shareholder is a recognized clearing house (or its agent) as defined in the relevant ordinances promulgated from time to time in Hong Kong).

### **Voting at the Shareholders' Meeting**

The resolutions of the Shareholders' Meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' Meeting shall be passed by more than half of the voting rights held by the shareholders present at the Shareholders' Meeting (including proxies). A special resolution at a Shareholders' Meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

If a shareholder purchases voting shares of the Company in violation of the provisions of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law, the shares in excess of the specified proportion shall not be entitled to exercise the voting rights within 36 months as of the date of purchase, and shall not be counted into the total number of voting shares of the shareholders attending the Shareholders' Meeting. According to the applicable laws, regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a certain resolution matter, or any shareholder is restricted to only vote in favor of (or against) a certain resolution matter, the number of votes cast by such shareholder or its representative in violation of the relevant provisions or restrictions shall not be counted into the total number of voting shares.

The following matters shall be adopted by the Shareholders' Meeting through an ordinary resolution:

- (i) the work reports of the Board of Directors;
- (ii) the profit distribution plan and the loss recovery plan prepared by the Board of Directors;
- (iii) the appointment and removal of members of the Board of Directors, as well as their remuneration and payment methods;
- (iv) other matters except those that shall be adopted by a special resolution as provided for by laws, administrative regulations, the Company's Articles of Association or the securities regulatory rules of the place where the Company's shares are listed.

The following matters shall be adopted by the Shareholders' Meeting through a special resolution:

- (i) the increase or decrease of the Company's registered capital;
- (ii) issuance of corporate bonds;
- (iii) the division, spin-off, merger, dissolution and liquidation of the Company;
- (iv) the amendment of the Company's Articles of Association;
- (v) the equity incentive plan;
- (vi) the Company's purchase or sale of major assets or provision of guarantees within one year, where the amount exceeds 30% of the Company's latest audited total assets;
- (vii) repurchase of shares by the Company;

- (viii) other matters that, as provided for by laws, administrative regulations, the Company's Articles of Association or the securities regulatory rules of the place where the Company's shares are listed, and as determined by the Shareholders' Meeting through an ordinary resolution, will have a significant impact on the Company and need to be adopted by a special resolution.

## **DIRECTORS AND BOARD OF DIRECTORS**

### **Directors**

Directors shall be elected or replaced by the Shareholders' Meeting, and their positions may be terminated by the Shareholders' Meeting before the expiration of their term of office. The term of office of a director is three years, and upon the expiration of the term, the director may be re-elected for consecutive terms in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Directors may concurrently hold the position of general manager or other senior management positions. However, the total number of directors who concurrently hold the position of general manager or other senior management positions and directors who are representatives of employees shall not exceed one-half of the total number of directors of the Company. The Company's Board of Directors does not arrange for employee representatives to serve as directors.

The directors of the Company may include executive directors, non-executive directors and independent non-executive directors. Non-executive directors refer to directors who do not hold positions in the Company's operation and management. Relevant matters such as the eligibility requirements, nomination and election procedures, and authorities of independent non-executive directors shall be implemented in accordance with the relevant provisions of laws, the CSRC and the securities exchange where the Company's shares are listed. Directors shall possess the eligibility qualifications required by laws, administrative regulations, rules, the Company's Articles of Association and the securities regulatory rules of the place where the Company's shares are listed.

Directors shall abide by laws, administrative regulations and the Company's Articles of Association, and owe the following fiduciary duties to the Company:

- (i) they shall not to expropriate the property of the Company and not to misappropriate the capital of the Company;
- (ii) they shall not open an account in their own name or the name of other individuals to deposit the Company's funds;
- (iii) not to take advantage of his/her functions and powers to accept bribes or other illegal income;

- (iv) not to enter into a contract or conduct any transaction directly or indirectly with the Company, unless such act has been reported to and approved by the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (v) not to enter into a contract or conduct any transaction directly or indirectly with the Company, unless such act has been reported to and approved by the Board or the general meeting in accordance with the provisions of the Articles of Association;

- (ii) they shall treat all shareholders fairly;
- (iii) they shall promptly understand the Company's business operation and management situation;
- (iv) they shall sign a written confirmation opinion on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (v) they shall truthfully provide relevant information and materials to the audit committee, and shall not obstruct the audit committee from exercising their powers;
- (vi) other duties of diligence as provided for by laws, administrative regulations, departmental rules and regulations, the Company's Articles of Association and the securities regulatory rules of the place where the Company's shares are listed.

**Chairman**

The Board of Directors shall appoint a Chairman. The Chairman shall be assumed by a Director of the Company and elected by the Board of Directors by more than one half of all Directors.

**Board of Directors**

The Board of Directors shall consist of nine directors, of whom 4 are independent Directors and 1 is an employee representative Director. The composition and number of the Board shall comply with the requirements of the securities regulatory rules of the place where the shares of the Company are listed.

The Board of Directors exercises the following powers:

- (i) to be responsible for convening the Shareholders' Meeting and reporting the work to the Shareholders' Meeting;
- (ii) to implement the resolutions of the Shareholders' Meeting;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to formulate the Company's profit distribution plan and loss recovery plan;
- (v) to formulate the Company's plan for increasing or decreasing the registered capital, issuing bonds or other securities and going public;

- (vi) to draw up plans for major acquisitions by the Company, acquisition of the Company's own shares, or merger, division, dissolution and change of the Company's form;
- (vii) within the scope of authorization of the Shareholders' Meeting, to decide on matters such as the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted wealth management, affiliated (connected) transactions, external donations, etc.;
- (viii) to decide on the establishment of the Company's internal management institutions;
- (ix) to appoint or dismiss the Company's general manager and secretary of the Board of Directors, and to decide on their remuneration, rewards and punishments; based on the nomination of the general manager, to appoint or dismiss senior management personnel such as the Company's deputy general manager and chief financial officer, and to decide on their remuneration, rewards and punishments;
- (x) to formulate and revise the Company's basic management systems;
- (xi) to formulate a plan for amending the Company's Articles of Association;
- (xii) to manage the Company's information disclosure matters;
- (xiii) to propose to the Shareholders' Meeting the engagement or replacement of the accounting firm that audits the Company;
- (xiv) to listen to the work reports of the Company's general manager and relevant personnel and inspect the work of the general manager;
- (xv) to deliberate on the Company's acquisition of its own shares in the situations specified in Paragraph 1, Items (3), (5) and (6) of Article 25 of the Company's Articles of Association, and a resolution of the Board of Directors meeting attended by more than two-thirds of the directors shall be required;
- (xvi) other powers and functions as provided for by laws, administrative regulations, the Company's Articles of Association or the securities regulatory rules of the place where the Company's shares are listed, and those granted by the Company's Articles of Association.

Matters exceeding the scope of authorization by the shareholders' meeting shall be submitted to the shareholders' meeting.

Subject to compliance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the Board of Directors shall determine the authorities regarding external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted wealth management, affiliated (connected) transactions, and external donations, and establish strict examination and decision-making procedures. For major investment projects, relevant experts and professionals shall be organized to conduct evaluations, and such projects shall be reported to the Shareholders' Meeting for approval and comply with the securities regulatory rules of the place where the Company's shares are listed.

A meeting of the Board of Directors may be held only when more than half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all the directors, except as otherwise provided by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Company's Articles of Association. In the voting on resolutions of the Board of Directors, each director shall have one vote.

If a director has an affiliated (connected) relationship with an enterprise involved in the matters to be resolved at a Board of Directors' meeting, the director shall promptly report it in writing to the Board of Directors. Such a director shall not exercise the right to vote on the matter, nor shall he/she act as an agent for other directors to exercise the right to vote. The Board of Directors' meeting may be held only when more than half of the directors without affiliated (connected) relationships are present, and the resolution passed shall be approved by more than half of the directors without affiliated (connected) relationships who attend the meeting. If the number of directors without affiliated (connected) relationships attending the Board of Directors' meeting is less than three, the matter shall be submitted to the Shareholders' Meeting for deliberation.

#### **Special Committees under the Board**

The Board of Directors has established four special committees, namely the Strategy and ESG Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee. The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

#### **Secretary to the Board**

The Company shall appoint a secretary of the Board of Directors, who shall be responsible for the preparation of the Shareholders' Meetings and Board of Directors' meetings of the Company, the custody of documents, the management of the Company's shareholder information, and the handling of information disclosure matters, among others. The secretary of the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association.

**GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS**

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several deputy general managers, who shall be nominated by the general manager and appointed by the Board of Directors. The deputy general managers shall assist the general manager in his/her work. The general manager, deputy general managers, chief financial officer and secretary of the Board of Directors of the Company shall be the senior management personnel of the Company.

The general manager shall be responsible to the Board of Directors and exercise the following powers:

- (i) to preside over the Company's production, operation and management work, organize the implementation of the resolutions of the Board of Directors, and report work to the Board of Directors;
- (ii) to organize the implementation of the Company's annual business plan and investment plan;
- (iii) to draw up a plan for the establishment of the Company's internal management institutions;
- (iv) to draw up the Company's basic management systems;
- (v) to formulate the Company's specific rules and regulations;
- (vi) to propose to the Board of Directors the appointment or dismissal of the Company's deputy general managers and chief financial officer;
- (vii) to decide on the appointment or dismissal of responsible management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;
- (viii) other powers granted by the Company's Articles of Association or the Board of Directors.

**Audit Committee**

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors or Independent Directors who do not hold any senior management positions within the Company. Among them, two (2) shall be Independent Directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration after the approval by a majority of all members of the Audit Committee:

- (i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (ii) appointment or dismissal of the accounting firm that undertake the auditing business of a listed company;
- (iii) appointment or dismissal of the chief financial officer of a listed company;
- (iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (v) other matters as provided by laws, administrative regulations, the CSRC, regulations of the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

- (v) having a relatively large amount of personal debt that is due but not repaid and being listed as a person subject to enforcement for dishonesty by the people's court;
- (vi) having been imposed a penalty of being prohibited from entering the securities market by the CSRC or the Hong Kong Stock Exchange, and the penalty period not having expired;
- (vii) a person who has been publicly identified by the securities regulatory authority and the stock exchange at the place where the Company's shares are listed as unsuitable to serve as a director or senior executive of a listed company, and whose term has not expired;
- (viii) other circumstances as provided for by laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the place where the Company's shares are listed, or relevant regulatory authorities.

#### **FINANCIAL AND ACCOUNTING SYSTEM**

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the provisions of relevant state departments.

Regarding A-share periodic report disclosure, the Company shall submit and disclose its annual report to the CSRC dispatched agencies and the Shanghai Stock Exchange within four months after the end of each fiscal year, submit and disclose its semi-annual report to the local offices of the CSRC dispatched agencies and the Shanghai Stock Exchange within two months after the end of the first six months of each fiscal year, and submit and disclose its quarterly reports to the local offices of the CSRC dispatched agencies and the Shanghai Stock Exchange within one month after the end of the first three months and the first nine months of each fiscal year. Regarding H-share periodic report disclosure, the periodic reports for the Company's H-shares include the annual report and the interim report. The company shall disclose a preliminary announcement of its annual results within three months after the end of each fiscal year, prepare and disclose the annual report within four months after the end of each fiscal year and at least 21 days before the annual Shareholders' Meeting, disclose a preliminary announcement of its interim results within two months after the end of the first six months of each fiscal year, and prepare and disclose the interim report within three months after the end of the first six months of each fiscal year.

The above-mentioned financial and accounting reports, annual reports, annual results, interim reports, and interim results shall be prepared and/or submitted to shareholders in accordance with relevant laws, administrative regulations, departmental rules, and the requirements of the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed.

The Company shall not maintain any accounting books other than the statutory ones. The Company's assets shall not be deposited in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund reaches 50% or more of the Company's registered capital, it may cease to make such allocations. If the Company's statutory reserve fund is insufficient to cover the losses of previous years, the current year's profits shall be used to cover the losses before making allocations to the statutory reserve fund as stipulated in the previous paragraph. After allocating the statutory reserve fund from the after-tax profits, the Company may, upon resolution of the Shareholders' Meeting, allocate any discretionary reserve fund from the after-tax profits. The remaining after-tax profits after covering losses and allocating the statutory reserve fund shall be distributed in proportion to the shares held by the shareholders, except as otherwise provided in the Company's Articles of Association. If the Shareholders' Meeting distributes profits to shareholders before covering the Company's losses and allocating the statutory reserve fund in violation of the previous paragraph, the shareholders must return the profits distributed in violation of the regulations to the Company.

The Company's shares held by the Company itself shall not participate in the profit distribution.

The Company must appoint one or more receiving agents in Hong Kong for its H-share shareholders. The receiving agents shall collect and hold the dividends and other amounts payable by the Company in respect of the H-shares on behalf of the relevant H-share shareholders until payment is made to such H-share shareholders. The receiving agents appointed by the Company shall meet the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve funds shall be used to cover the Company's losses, expand production and operation, or be converted into an increase in the Company's capital. When using reserve funds to cover the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if they are still insufficient, the capital reserve fund may be used as prescribed. When the statutory reserve fund is converted into capital, the remaining amount of such reserve fund shall be no less than 25% of the Company's registered capital before the conversion.

After the Shareholders' Meeting of the Company passes a resolution on the profit distribution plan, or after the Company's Board of Directors formulates a specific plan based on the conditions and upper limits for the next-year interim dividend approved by the annual Shareholders' Meeting, the Company's Board of Directors must complete the distribution of dividends (or shares) within two months after the Shareholders' Meeting.

If, due to the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed, the specific plan cannot be implemented within two months, the implementation date of the specific plan may be adjusted accordingly in accordance with such regulations and the actual situation.

The Company shall implement an internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit. The Company's internal audit system shall be implemented after being approved by the Board of Directors. The person in charge of the audit shall be responsible to and report work to the audit committee of the Board of Directors.

The Company shall engage an accounting firm that complies with the provisions of the

- (ii) dissolution upon resolution of the Shareholders' Meeting;
- (iii) dissolution required due to the merger or division of the Company;
- (iv) being legally revoked of its business license, ordered to be closed down or being cancelled;
- (v) where there are serious difficulties in the Company's operation and management, and the continued existence of the Company will cause significant losses to the interests of the shareholders, and the issue cannot be resolved through other channels, shareholders holding more than 10% of the total voting rights of all shareholders of the Company may request the people's court at the Company's registered location to dissolve the Company.

When the Company encounters the dissolution events specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

For dissolution due to the circumstances specified in items (i), (ii), (iv) and (v) above, a liquidation team shall be established within 15 days to commence liquidation. The liquidation team shall be composed of directors or other persons determined by the shareholders' meeting. Where a liquidation team fails to be established within the time limit to conduct liquidation, creditors may apply to the people's court to appoint relevant persons to form a liquidation team to carry out the liquidation.

The liquidation team shall notify the creditors within 10 days as of the date of its establishment, and make an announcement within 60 days in the Company's designated newspapers recognised by the CSRC and the stock exchanges where the Company's shares are listed or on the National Enterprise Credit Information Publicity System and the HKEX News website ([www.hkexnews.hk](http://www.hkexnews.hk)). Creditors shall, within 30 days as of the date of receipt of the notice, or within 45 days as of the date of the announcement in case of not receiving the notice, declare their claims to the liquidation team. When declaring their claims, creditors shall state the relevant matters of their claims and provide supporting materials. The liquidation team shall register the claims. During the period when creditors are declaring their claims, the liquidation team shall not make any payment to the creditors. Where there are other provisions in the securities regulatory rules of the place where the Company's shares are listed, the relevant provisions shall also be complied with simultaneously.

After the Company's property is used to pay off the liquidation expenses, employees' salaries, social insurance premiums and statutory compensations respectively, pay off the outstanding taxes and settle the Company's debts, the remaining property of the Company shall be distributed among shareholders in proportion to the shares they hold. During the liquidation period, the Company shall remain in existence, but shall not conduct any business activities unrelated to the liquidation. The Company's property shall not be distributed to shareholders before it is settled in accordance with the provisions of the preceding paragraph.

After the liquidation team has cleared up the Company's property, prepared the balance sheet and the list of properties, if it deems that the Company's property is insufficient to pay off its debts, it shall, in accordance with the law, apply to the people's court at the Company's registered location for declaring the Company bankrupt. After the Company is declared bankrupt by the people's court, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator appointed by the people's court.

Where the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

#### **AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The Company shall amend the Company's Articles of Association in case of any of the following circumstances:

- (i) after the PRC Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed are amended, the matters specified in the Company's Articles of Association conflict with the provisions of the amended laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed;
- (ii) the Company's situation has changed and is inconsistent with the matters recorded in the Company's Articles of Association;
- (iii) the Shareholders' Meeting decides to amend the Company's Articles of Association.

Where the matters of amending the Company's Articles of Association passed by the resolution of the Shareholders' Meeting involve the Company's registration matters, the change registration shall be handled in accordance with the law. If the matters of amending the Company's Articles of Association fall within the information that needs to be disclosed as required by laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, an announcement shall be made in accordance with the relevant provisions.

## FURTHER INFORMATION ABOUT OUR GROUP

### Incorporation

Our Company, then known as Xinqiao Network Equipment (Shanghai) Co., Ltd.\* (新嶠網絡設備(上海)有限公司), was incorporated on March 14, 2006 under the laws of the PRC, which later changed its name to CIG Shanghai Company Limited\* (上海劍橋科技有限公司). Our Company was converted to a joint stock limited company in July 2012 and completed the Listing of A Shares on the Shanghai Stock Exchange (stock code: 603083) in November 2017.

Our registered office is located at Room 501, Building 8, No. 2388 Chenhong Road, Minhang District, Shanghai, the PRC. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on March 27, 2025, and our principal place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, the PRC. Ms. So Lai Shan, one of our joint company secretaries, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix V to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Regulatory Overview”.

### Changes in Share Capital of Our Company

Save as disclosed below and in “History, Development and Corporate Structure — Major Shareholding Changes in Our Company”, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Prospectus:

Pursuant to the 2022 restricted share incentive scheme adopted by the then Shareholders on November 30, 2022 (the “**2022 Restricted Share Incentive Scheme**”), our Company issued 5,991,260 A Shares to eligible grantees who were granted with restricted Shares. Pursuant to the 2021 share option incentive scheme adopted by the then Shareholders on February 25, 2021 (the “**2021 Share Option Incentive Scheme**”), our Company issued an aggregate of 6,650,115 A Shares to eligible grantees who exercised options. Upon completion of the above issuance of A Shares in April 2023, the registered share capital of our Company increased to RMB268,222,941 and comprised 268,222,941 A Shares.

In August 2023, our Company repurchased and canceled in aggregate 118,000 A Shares under the 2021 restricted share incentive scheme adopted by the then Shareholders on November 26, 2021 (the “**2021 Restricted Share Incentive Scheme**”), which were granted to eligible grantees but failed to satisfy the conditions for unlocking of restricted Shares. Upon the repurchase and cancellation in August 2023, the registered share capital of our Company amounted to RMB268,104,941 and comprised 268,104,941 A Shares.

In June 2024, our Company repurchased and canceled 63,100 A Shares under the 2022 Restricted Share Incentive Scheme, which were granted to eligible grantees but failed to satisfy the conditions for unlocking of restricted Shares or the eligible grantees no longer served as our employees. Upon the repurchase and cancellation in June 2024, the registered share capital of our Company amounted to RMB268,041,841 and comprised 268,041,841 A Shares.

In July 2025, our Company repurchased and canceled 22,000 A Shares under the 2022 Restricted Share Incentive Scheme, which were granted to eligible grantees but the eligible grantees no longer served as our employees. Upon the repurchase and cancellation in July 2025, the registered share capital of our Company amounted to RMB268,019,841 and comprised 268,019,841 A Shares.

As of the Latest Practicable Date, the total share capital of our Company was RMB268,019,841 comprising 268,019,841 A Shares of nominal value of RMB1.00 each.

### **Changes in Share Capital of Our Subsidiaries**

A summary of the corporate information and the particulars of our subsidiaries is set out in the Accountants' Report in Appendix I. Except for the issued and paid up capital of Cambridge Industries USA Inc. increased to USD42,000,010 in 2024 as disclosed in Notes 1 and 19 of the Accountants' Report, there had been no alterations in share capital of our subsidiaries within the two years preceding the date of this Prospectus.

### **Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering**

Pursuant to the Shareholders' general meeting held on April 28, 2025, the following resolutions, among other things, were duly passed:

- (a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Hong Kong Stock Exchange;
- (b) the maximum number of H Shares to be issued before the exercise of the Over-allotment Option shall be approximately 20% of the enlarged share capital of our Company upon completion of the Global Offering and granting the Underwriters the Over-allotment Option of no more than 15% of the above number of H Shares to be issued;
- (c) subject to completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board and its authorized person to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and
- (d) authorization of the Board and its authorized person to handle matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

**FURTHER INFORMATION ABOUT OUR BUSINESS****Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be material:

- (a) the Hong Kong Underwriting Agreement;
- (b) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Baring Asset Management (Asia) Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (c) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Morgan Stanley & Co. International plc, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (d) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, HCEP Management Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (e) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Arc Avenue Asset Management Pte. Ltd., Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$10.00 million;
- (f) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, CloudAlpha Capital Management Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$30.00 million;

- (g) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Turing International Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$30.00 million;
- (h) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Cithara Global Multi-Strategy SPC – Bosideng Industry Investment Fund SP, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$30.00 million;
- (i) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, 3W Fund Management Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (j) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Schonfeld Strategic Advisors (Hong Kong) Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (k) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Infini Global Master Fund, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$10.00 million;
- (l) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Alpine Investment Management Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (m) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Dymon Asia Multi-Strategy Investment Master Fund, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$10.00 million;




- (n) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Aqua Ocean Limited, Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$20.00 million;
- (o) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Martis Fund, L.P., Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$10.00 million;
- (p) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, Taikang Life Insurance Co., Ltd\* (泰康人壽保險有限責任公司), Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited and DBS Asia Capital Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$10.00 million;
- (q) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, ICBC Wealth Management Co., Ltd.\* (工銀理財有限責任公司), Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$5.00 million; and
- (r) the cornerstone investment agreement dated October 16, 2025 entered into among our Company, ICBC Wealth Management Co., Ltd.\* (工銀理財有限責任公司), Invesco Great Wall Fund Management Co., Ltd.\* (景順長城基金管理有限公司), Guotai Junan Capital Limited and Guotai Junan Securities (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US\$5.00 million.

### **Intellectual Property Rights**

As of the Latest Practicable Date, our Group has registered the following intellectual property rights which were material to our Group's business.

*T adema k*

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration number	Class	Owner	Place of registration	Expiry date
1. . . .		305023791	9, 42	Our Company	Hong Kong	August 12, 2029
2. . . .		43017421	9	Our Company	PRC	August 20, 2031
3. . . .		34231470	9	Our Company	PRC	July 27, 2030
4. . . .	<b>CIGTech</b>	28401431	9, 16, 29, 39, 43	Our Company	PRC	April 6, 2029
5. . . .		23591862	9	Our Company	PRC	April 20, 2029

*Pa en*

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patent number	Category	Owner	Place of registration	Application date
1. . . .	Method, system and electronic device for power detection of routing equipment (路由設備功率檢測方法、系統及電子設備)	202311158055.0	Invention patent	Our Company, CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司)	PRC	September 8, 2023
2. . . .	Method, device and computer-readable medium for locating interfering signals in wireless products (無線產品的干擾信號的定位方法、設備及計算機可讀介質)	202311557390.8	Invention patent	Our Company, CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司)	PRC	November 21, 2023

No.	Patent	Patent number	Category	Owner	Place of registration	Application date
3 . . .	Voice test bridge device and voice test system (語音測試電橋裝置及語音測試系統)	202311058670.4	Invention patent	Our Company, CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司)	PRC	August 22, 2023
4 . . .	Control method, device and product for anti-interference detector (抗干擾檢測儀的控制方法、設備及產品)	202311780167.X	Invention patent	Our Company, CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司)	PRC	December 22, 2023
5 . . .	Snap-fit housing (卡扣式殼體)	201810332948.5	Invention patent	Our Company	PRC	April 13, 2018
6 . . .	A rapid full-temperature optical module testing method (一種快速全溫光模塊測試方法)	202210073178.3	Invention patent	Our Company	PRC	January 21, 2022
7 . . .	An external socket protection device (一種外接插口保護裝置)	202111027257.2	Invention patent	Our Company	PRC	September 2, 2021
8 . . .	Monitoring and control system and method for output power of RF power amplifiers (射頻功率放大器的輸出功率的監測控制系統及方法)	201811517771.2	Invention patent	Our Company	PRC	December 12, 2018
9 . . .	System, method, apparatus, medium and device for chip testing (芯片測試系統、方法、裝置、介質及設備)	202110191397.7	Invention patent	Our Company	PRC	February 19, 2021
10 . . .	A testing method and circuit based on 400G optical module (一種基於400G光模塊的測試方法及測試電路)	202110505103.3	Invention patent	Our Company	PRC	May 10, 2021
11 . . .	A testing system and method based on optical module (一種基於光模塊的測試系統及方法)	202110021894.2	Invention patent	Our Company	PRC	January 8, 2021

No.	Patent	Patent number	Category	Owner	Place of registration	Application date
12	A testing system, method, computer-readable storage medium and electronic device based on transmission devices (一種基於傳輸裝置的測試系統、方法、計算機可讀存儲介質及電子設備)	202110021902.3	Invention patent	Our Company	PRC	January 8, 2021
13	Method and system for testing data throughput of WiFi6 wireless router (WiFi6無線路由器的數據吞吐量的測試方法及系統)	201910446384.2	Invention patent	Our Company	PRC	May 27, 2019
14	Wireless device testing system, method, apparatus, medium, and device (無線設備測試系統、方法、裝置、介質及設備)	202110195700.0	Invention patent	Our Company	PRC	February 19, 2021
15	Dual-band PCB spiral antenna (雙頻PCB螺旋天線)	202010177596.8	Invention patent	Our Company	PRC	March 13, 2020
16	Surge Counter (浪湧計數器)	202010043284.8	Invention patent	Our Company	PRC	January 15, 2020
17	Smart loop maintenance device (智能環路保持設備)	202010805550.6	Invention patent	Our Company	PRC	August 12, 2020
18	Control method and device for vehicle speed indicator light (車速指示燈的控制方法及裝置)	201811288965.X	Invention patent	Our Company	PRC	October 31, 2018
19	PCB coupler (PCB耦合器)	201910290611.7	Invention patent	Our Company	PRC	April 11, 2019
20	Method and system for testing traffic and port data of unmanaged switches (用於無管理功能交換機的流量及端口數據測試方法及系統)	202010043277.8	Invention patent	Our Company	PRC	January 15, 2020

No.	Patent	Patent number	Category	Owner	Place of registration	Application date
21	Detection circuit and power adapter for USB Type-C device type (USB Type-C 設備類型的檢測電路及電源適配器)	201910251856.9	Invention patent	Our Company	PRC	March 29, 2019
22	POE device (POE設備)	201910295646.X	Invention patent	Our Company	PRC	April 12, 2019
23	Performance evaluation method for total omnidirectional sensitivity (總全向靈敏度性能評估方法)	201810332937.7	Invention patent	Our Company	PRC	April 13, 2018
24	Calibration method and system for BOSA components (BOSA組件的校準方法及系統)	201810771268.3	Invention patent	Our Company	PRC	July 13, 2018
25	Anti-interference testing method and system for wireless communication module (無線通信模塊的抗干擾測試方法及系統)	201710018846.1	Invention patent	Our Company	PRC	January 10, 2017
26	Optical path control device and ONT testing system (光路控制設備及ONT測試系統)	201710312318.7	Invention patent	Our Company	PRC	May 5, 2017
27	Mounting assembly for communication terminal equipment (用於通訊終端設備的安裝組件)	201510041983.8	Invention patent	Our Company	PRC	January 27, 2015
28	Network cable simulator (網線模擬器)	201610792301.1	Invention patent	Our Company	PRC	August 31, 2016
29	Ceiling mounting bracket for communication terminal, communication terminal and communication terminal installation system (通訊終端的吸頂安裝支架、通訊終端及通訊終端安裝系統)	201610352943.X	Invention patent	Our Company	PRC	May 24, 2016
30	Coprocessor (協處理器)	201610143284.9	Invention patent	Our Company	PRC	March 14, 2016

No.	Patent	Patent number	Category	Owner	Place of registration	Application date
31 . . .	Wireless positioning device (無線定位裝置)	201610143269.4	Invention patent	Our Company	PRC	March 14, 2016
32 . . .	Method for establishing communication between GPON OLT and GPON ONU (GPON OLT與 GPON ONU之間的通信 建立方法)	201010252320.8	Invention patent	Our Company	PRC	August 13, 2010
33 . . .	A general RF module and system for testing Wi-Fi performance and networking (一種射頻通 用模組及WIFI性能及組網 測試系統)	202411698348.2	Invention patent	CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有 限公司)	PRC	November 26, 2024
34 . . .	A multi-port Ethernet power supply device (一種多路 以太網供電裝置)	202411441780.3	Invention patent	CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有 限公司)	PRC	October 16, 2024

### Copyright

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright name	Registration number	Registered owner	Place of registration
1. . .	CIG Smart Factory Big Data Dashboard Software (劍橋科技 智能工廠大數據看板軟件)	2024SR0346733	Our Company	PRC
2. . .	CIG Label Laser Software (劍橋科 技標籤鐳射軟件)	2022SR0559760	Our Company	PRC
3. . .	CIG Web BigData Analysis System	2022SR0551792	Our Company	PRC
4. . .	CIG Trace SMT Software	2022SR0551793	Our Company	PRC
5. . .	CIG Electronic Shelf Material Management System (劍橋科技 電子貨架的物料管理系統)	2022SR0551757	Our Company	PRC
6. . .	CIG Optical Module TOSA UID Visual Recognition Inspection Software (劍橋光模塊TosaUID視 覺識別檢測軟件)	2021SR0184892	Our Company	PRC

No.	Copyright name	Registration number	Registered owner	Place of registration
7. . .	CIG Optical Module UID Visual Recognition Inspection Software (劍橋光模塊UID視覺識別檢測軟件)	2020SR0089879	Our Company	PRC
8. . .	CIG Log Analysis Web System	2019SR1126914	Our Company	PRC
9. . .	CIG Real-Time Production Capacity Rolling Display Dashboard Software (劍橋實時產能滾動顯示看板軟件)	2019SR1061489	Our Company	PRC
10. . .	CIG WebMES System	2019SR1061140	Our Company	PRC

### *Domain Name*

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date
1. . .	ci-g.com	Our Company	April 11, 2033
2. . .	cambridgeig.com	Our Company	May 7, 2033
3. . .	cigtech.com	Our Company	April 23, 2033
4. . .	cigsys.com	Our Company	July 30, 2033
5. . .	actiontec.com.cn	Actiontec Electronics (Shanghai) Company Limited* (邁智微電子 (上海)有限公司)	March 16, 2028

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

**FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS****Service Contracts**

Each of our Directors has entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; and (b) subject to termination in accordance with their respective term.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

**Remuneration of Directors**

Save as disclosed in “Directors and Senior Management — Remuneration” in this Prospectus, none of the Directors received other remuneration from our Company for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025.

**Disclosure of Interests****(a) *Interests of our Directors and chief executive***

Save as disclosed below, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), so far as our Directors are aware, none of our Directors or chief executive have any interests and/or short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352

of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules:

Name of Director or chief executive	Position	Nature of interest <sup>1</sup>	Number and class of Shares	Shareholding in the total issued Shares immediately prior to the Global Offering	Shareholding in the total issued Shares immediately after the Global Offering
Mr. Gerald G Wong <sup>2</sup>	Chairman, executive Director and general manager (chief executive officer)	(i) Interest in controlled corporation	32,025,735 A Shares	11.95%	9.56%
		(ii) Interest held jointly with other persons	5,850,476 A Shares	2.18%	1.75%
Mr. Zhao Haibo <sup>3</sup>	Executive Director, deputy general manager, chief technology officer	(i) Interest in controlled corporation	5,850,476 A Shares	2.18%	1.75%
		(ii) Interest held jointly with other persons	32,025,735 A Shares	11.95%	9.56%
Mr. Zhao Hongwei <sup>4</sup>	Executive Director, chief operating officer	Beneficial owner	94,100 A Shares	0.04%	0.03%
Mr. Zhang Jie <sup>5</sup>	Executive Director, manager of broadband products division	(i) Beneficial owner	147,000 A Shares	0.05%	0.04%
		(ii) Interest of spouse	3,700 A Shares	0.00%	0.00%

*Notes:*

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, (i) Mr. Gerald G Wong was interested in 32,025,735 A Shares held by CIG Cayman, a company wholly owned by Mr. Gerald G Wong; (ii) Mr. Gerald G Wong was deemed to be interested in 5,850,476 A Shares held by Mr. Zhao Haibo (through Kangling Technology) pursuant to the Concert Party Agreement.
- (3) As of the Latest Practicable Date, (i) Mr. Zhao Haibo was interested in 5,850,476 A Shares held by Kangling Technology, a limited partnership whose executive partner is Mr. Zhao Haibo; (ii) Mr. Zhao Haibo was deemed to be interested in 32,025,735 A Shares held by Mr. Gerald G Wong (through CIG Cayman) pursuant to the Concert Party Agreement.
- (4) As of the Latest Practicable Date, Mr. Zhao Hongwei held 19,100 A Shares, and was interested in 75,000 outstanding options granted under the 2024 Share Option Incentive Scheme.

- (5) As of the Latest Practicable Date, Mr. Zhang Jie held 72,000 A Shares, and was interested in 75,000 outstanding options granted under the 2024 Share Option Incentive Scheme; Mr. Zhang Jie's spouse, Ms. Wang Meihua (王美華女士), held 3,700 A Shares as of the Latest Practicable Date.

So far as our Directors are aware, none of our Directors or chief executive has any interests and/or short positions in the shares or underlying shares of our associated corporations.

**(b) *In the event of the Substantial Shareholders***

Save as disclosed in “Substantial Shareholders”, “— Further Information about Our Directors and Substantial Shareholders — Disclosure of Interests — (a) Interests of our Directors and chief executive” in this section and below, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), our Directors are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

<b>Our Subsidiaries</b>	<b>Parties with 10% or more equity interest</b>	<b>Shareholding</b>
CIG Zhejiang Telecommunication Equipment Co., Ltd.* (浙江劍橋通信設備有限公司) <sup>1</sup> . . . . .	Jiashan Zhongxin Industrial Development Investment Company Limited* (嘉善縣中新產業發展投資有限公司)	33.33%

*Note:*

- (1) As of the Latest Practicable Date, our Company and Jiashan Zhongxin Industrial Development Investment Company Limited\* (嘉善縣中新產業發展投資有限公司) held approximately 66.67% and 33.33% equity interest in CIG Zhejiang Telecommunication Equipment Co., Ltd.\* (浙江劍橋通信設備有限公司), respectively. Jiashan Finance Bureau\* (嘉善縣財政局), through its wholly-owned subsidiary Jiashan Shancheng Industrial Company Limited\* (嘉善縣善成實業有限公司), held 100% equity interest in Jiashan Zhongxin Industrial Development Investment Company Limited\* (嘉善縣中新產業發展投資有限公司).

**Disclaimers**

- (a) Save as disclosed in the section headed “Further Information About our Directors and Substantial Shareholders — Disclosure of Interests” in this Appendix VI, none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register

referred to therein, or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Hong Kong Stock Exchange;

- (b) Save as disclosed in the section headed “Further Information About our Directors and Substantial Shareholders — Disclosure of Interests” in this Appendix VI, none of our Directors is aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group;
- (c) none of our Directors, their respective close associates (as defined under the Hong Kong Listing Rules) or Shareholders who own more than 5% of the number of issued Shares of our Company have any interests in the top five customers or suppliers of our Group; and
- (d) Save in connection with the Underwriting Agreements, none of our Directors or any of the parties listed in “Qualifications of Experts” in this section is: (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or (ii) materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business.

## OUR SHARE INCENTIVE SCHEMES

### 2024 Share Option Incentive Scheme

We adopted the 2024 Share Option Incentive Scheme by the then Shareholders on August 26, 2024, which was still in effect as of the Latest Practicable Date. The terms of the 2024 Share Option Incentive Scheme are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules as they do not involve any grant of options by our Company after the Listing. The major terms are summarized as below:

#### *P o e*

The purpose of the 2024 Share Option Incentive Scheme is to improve our corporate governance structure, establish and improve our Company’s long-term incentive mechanism, attract and retain the directors, senior management, core management and technical/business personnel of our Group, fully mobilize their enthusiasm and creativity to enhance the cohesion of our core team and core competitiveness, so as to realize our development strategies and business objectives.

*Administration*

The 2024 Share Option Incentive Scheme is subject to the approval of the Shareholders'

regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or (5) any other circumstances determined by the CSRC.

- (b) With respect to an eligible grantee, none of the following circumstances having occurred: (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months; (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months; (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law; (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or (6) any other circumstances determined by the CSRC.

No grant consideration is paid/payable for the options granted under the 2024 Share Option Incentive Scheme.

#### *Exercise*

The eligible grantees shall pay the exercise price upon fulfilment of all the conditions of the options to purchase the A Shares from our Company. The exercise price of each option shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than the higher of (1) the average trading price of the A Shares on the trading date before the announcement of the draft scheme; and (2) the average trading price of the A Shares during the 20 trading dates before the announcement of the draft scheme.

The number of options granted and/or the exercise price will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, share consolidation, placing and dividend distribution.

*E e c i e*

The options granted are subject to a waiting period before exercise. The waiting period commences from the date of completion of registration of the options granted to the eligible grantees, and the interval between the date of grant and the date of exercise of the options shall not be less than twelve months. The exercise schedule of the options are as below:

<u>Exercise period</u>	<u>Exercise schedule</u>	<u>Exercise proportion</u>
First period . . . . .	The first trading date after the 12-month anniversary from the date of grant, till the last trading day up to the 24-month anniversary of the date of grant	50%
Second period . . . . .	The first trading date after the 24-month anniversary from the date of grant, till the last trading day up to the 36-month anniversary of the date of grant	50%

Options may be exercised upon fulfilling the conditions same as the grant conditions stipulated above and with reference to the eligible grantees' personal performance and our Company's performance targets in each of the two years ending December 31, 2025, which are as below:

<u>Exercise period</u>	<u>Performance targets</u>
First period . . . . .	Revenue for the year of 2024 is not less than RMB3,400 million, or, net profit for the year of 2024 is not less than RMB115 million
Second period . . . . .	Revenue in aggregate for the two years of 2024 and 2025 is not less than RMB7,140 million, or, net profit in aggregate for the two years of 2024 and 2025 is not less than RMB235 million

In the event that the grant conditions do not be fulfilled or our Company's performance does not meet the performance targets, the options which have been granted but not yet exercised shall be canceled by our Company. Upon expiry of the exercise period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

*Blacko e iod fo o Di ec o and enio managemen*

If the eligible grantees are our Directors and senior management, the Shares to be transferred in each year during their tenure of office shall not exceed 25% of the total Shares of our Company he or she holds; and no Share held by such Directors or senior management can be transferred within six months after termination of his or her employment.

*Dividends and Voting Rights*

During the waiting period, the options granted to eligible grantees shall not be transferred, pledged or settled for debt repayment. Upon exercise of the options, the eligible grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

*Outstanding Options*

On August 26, 2024, our Company granted 15,601,000 options to 780 eligible grantees with the exercise price of RMB29.48 per A Share. No grant consideration was paid/payable for the options granted to each of the eligible grantees. Due to termination of employment by one eligible grantee, 15,593,000 options were actually registered on behalf of 779 eligible grantees on September 10, 2024.

As of the Latest Practicable Date, (i) no further option under the 2024 Share Option Incentive Scheme can be granted; (ii) due to termination of employment by 36 eligible grantees, 15,138,300 options were held by 743 eligible grantees, representing approximately 5.65% of the total issued Shares of our Company as of the Latest Practicable Date, and all of such options remained outstanding and have not been exercised. Assuming full exercise of all outstanding options granted under the 2024 Share Option Incentive Scheme, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised) will be diluted by a maximum of approximately 4.32%. The maximum dilution effect on our earnings per Share would be approximately 4.32%.

The following table sets forth the of outstanding options granted to the eligible grantees under the 2024 Share Option Incentive Scheme as of the Latest Practicable Date:

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
<i>Connected person:</i>							
Mr. Zhang Jie .	Executive Director	Room 401, No. 2, Lane 333, Dongchuan Road, Minhang District, Shanghai, PRC	August 26, 2024	RMB29.48	75,000	50% during September 10, 2025 to September 9, 2026;	0.02%
Mr. Zhao Hongwei . . .	Executive Director	Room 701, No. 9, Lane 818, Minsheng Road, Pudong New Area, Shanghai, PRC			75,000	50% during September 10, 2026 to September 9, 2027	0.02%
Mr. Wang Zhiming (王志明先 生) . . . . .	Chief executive and director of our significant subsidiaries	Room 601, No. 7, Lane 241, Xinling Road, Minhang District, Shanghai, PRC			65,000		0.02%
Mr. Zhang Deyong (張得勇先 生) . . . . .	Director of our significant subsidiary	Room 301, No. 1, Lane 1700, Qishan Road, Pudong New Area, Shanghai PRC			70,000		0.02%
Ms. Luan Yanjie (樂妍潔女 士) . . . . .	Supervisor of our significant subsidiary	Room 510, No. 16, Railway New Village, Pushan Road, Jing'an District, Shanghai, PRC			52,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Mr. Cheng Gucheng . . .	Deputy general manager, financial officer of our Company and director of our significant subsidiaries	Room 501, No. 2, Lane 68, Huachang Road, Hongkou District, Shanghai, PRC			75,000		0.02%
<i>Other eligible grantee (excluding connected person):</i>							
Mr. WANG SHIMING . .	Vice president	285 Wilton Ave, Palo Alto, CA94306, United States	August 26, 2024	RMB29.48	75,000	50% during September 10, 2025 to September 9, 2026; 50% during September 10, 2026 to September 9, 2027	0.02%
Mr. HUANG JIAHENG . .	Director of product management	2759 Coit Dr, San Jose CA95725, United States			75,000		0.02%
Mr. LEIBOVICH ALEXANDER VLADIMIR .	Senior vice president	203 Oakview Dr, San Carlos, CA94070, United States			75,000		0.02%
Mr. XIN WEI MICHAEL .	Director of sale and vice president	502 Chantecler Dr. Fremont, CA 94539, United States			75,000		0.02%
Mr. Lv Liping (吕利平先生) . . . . .	General manager of the optoelectronics division	Room 801, No. 4, Lane 1001, Minsheng Road, Yangjing Subdistrict, Pudong New Area, Shanghai, PRC			75,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Mr. Han Fengyong (韓鳳永先生) . . . . .	Deputy general manager of the optoelectronics market sales department	Room 502, No. 48, Lane 6888, Jiasong Middle Road, Zhaoxiang Town, Qingpu District, Shanghai, PRC			75,000		0.02%
Mr. Fu Jili (傅繼利先生) . . . . .	Vice president of product management and general manager of a subsidiary	Room 404, No. 40, Lane 649, Yan'an West Road, Changning District, Shanghai, PRC			75,000		0.02%
Mr. Lian Zhihong (連智洪先生) . . . . .	Senior vice president of international business development	Room 3002, Unit 1, Building 18, Lane 88, Lishang Road, Putuo District, Shanghai, PRC			75,000		0.02%
Ms. Zhong Wei (鍾微女士) . . . . .	Senior treasury director	No. 200, Lane 568, Puxing Highway, Pujin Subdistrict, Minhang District Shanghai, PRC			73,000		0.02%
Mr. Luo Xuan (羅璇先生) . . . . .	Director of international product management division II	Room 404, No. 63, Lane 555, Shitai Road, Dachang Town, Baoshan District, Shanghai, PRC			71,000		0.02%
Mr. Yang Xudi (楊須地先生) . . . . .	Senior director of market and commerce	Room 502, No. 12, Lane 1350, Fuxing Middle Road Hunan Road Subdistrict, Xuhui District Shanghai, PRC			70,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Mr. Yin Lei (尹雷先生)	Director of planning and warehousing center	Room 301, No. 3, Lane 633, Pushen Road, Pujin Subdistrict, Minhang District, Shanghai, PRC			70,000		0.02%
Ms. Hu Rong	Senior vice president of international market management	Room 12-801, 168 Jinan Lane, Huaihai Middle Road Subdistrict, Huangpu District, Shanghai, PRC			70,000		0.02%
Mr. Cui Lin (崔霖先生)	Deputy general manager of the business division	Room 2303, No. 10, Lane 269, Changning Road, Jing'an District, Shanghai, PRC			70,000		0.02%
Ms. Zhang Lingling (張玲玲女士)	Director of human resources	Room 502, No. 1, Lane 99, Yanchang Road, Daning Road Subdistrict, Jing'an District, Shanghai, PRC			70,000		0.02%
Mr. Jiang Wenjun (蔣文軍先生)	Senior financial manager	Room 102, No. 8, Lane 1198, Mingcheng Road, Haiwan Town Fengxian District Shanghai, PRC			68,000		0.02%
Ms. Dong Wenming (董文明女士)	Senior sales manager	Room 1005, No. 61 Shangzhong Road, Changqiao Subdistrict, Xuhui District, Shanghai, PRC			65,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Mr. Wang Haibin (王海斌先生)	Director of the information technology center	Room 802, No. 2, Lane 645, Gudai Road, Meilong Subdistrict, Minhang District, Shanghai, PRC			65,000		0.02%
Ms. YANG XIAO-LIN	Vice president	Room 2304, No. 15, Lane 538, Haifang Road, Jiangning Subdistrict, Jing'an District, Shanghai, PRC			65,000		0.02%
Mr. Liu Zhe (劉哲先生)	Deputy general manager of the wireless products division	Room 403, No. 39, Lane 1036, Xinzhen Road, Qibao Town, Minhang District, Shanghai, PRC			64,000		0.02%
Mr. Fang Haibin (方海濱先生)	Deputy general manager of software R&D center I	Room 46-301, Lane 288, Yuqiao Road, Sanlin Town, Pudong New Area, Shanghai, PRC			64,000		0.02%
Mr. Wang Dongwei (王東巍先生)	Deputy general manager of the wireless products division	Room 1403, No. 1, Lane 99, Baotun Road, Bansongyuan Road Subdistrict, Huangpu District Shanghai, PRC			64,000		0.02%
Mr. Zhong Yanghong (鍾楊洪先生)	Strategic consulting advisor	Room 1702, No. 5, Lane 251, Caoxi Road, Caoxi Subdistrict, Xuhui District Shanghai, PRC			64,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Ms. Wang Bingbing (王冰冰女士) . . . . .	Senior financial manager	Room 1804, No. 6, Lane 411, Gongchuan Road, Huinan Town, Pudong New Area, Shanghai, PRC			61,000		0.02%
Mr. Lu Jun (魯俊先生) . . . . .	Director of software development	Room 903, No. 81, Waterfall Bay Road, Lane 958, Xinsong Road, Xinzhuang Town, Minhang District, Shanghai, PRC			60,000		0.02%
Mr. Xu Zhengrong (徐崢嶸先生) . . . . .	Director of the securities department	Room 703, No. 16, Lane 951, Fanglin Road, Nanxiang Town, Jiading District, Shanghai, PRC			58,000		0.02%
Mr. FAN SHANHUAN.	Director of sales & business development	5061 Champion Drive, San Ramon, CA94582, United States			56,000		0.02%
Mr. Yang Song (楊松先生) . . . . .	Director of quality management center and director of JDM sales department	Room 502, No. 3, Lane 500, Changhai Road, Changhai Road Subdistrict, Yangpu District Shanghai, PRC			53,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Mr. Liu Caijun (劉財君先生)	Director of the automation R&D center	Room 1603, Building 16, Zhongchengyuan, Lane 99, Pulian Road, Pujiang Town, Minhang District, Shanghai			53,000		0.02%
Mr. Liu Qiwei (劉祺偉先生)	Director of general affairs and deputy Plant manager	Room 3203, Building 23, Puyue, Greenland Central Park Xinjian District, Nanchang City, Jiangxi Province, PRC			53,000		0.02%
Mr. Qian Ying (錢羸先生)	Systems and pre-research department manager	Room 1402, No. 105, Lane 1717, Longwu Road Changqiao Subdistrict, Xuhui District Shanghai, PRC			53,000		0.02%
Mr. Sun Yifan (孫一帆先生)	Director of production quality	Room 302, No. 1, Lane 359, Puxiu Road, Pujin Subdistrict, Minhang District, Shanghai, PRC			53,000		0.02%
Ms. Liu Jiaorong (劉嬌容女士)	Director of procurement division I	Room 1202, Building 3, Lane 577, Tangqi Road, Dachang Town, Baoshan District, Shanghai, PRC			53,000		0.02%

Name	Position	Address	Grant date	Exercise price <sup>2</sup>	Number of A Shares underlying the outstanding options as of the Latest Practicable Date	Exercise period for outstanding options	Shareholding of A Shares underlying the outstanding options in the total issued Shares immediately after the Global Offering <sup>1</sup>
Ms. Li Jingyi (李競懿女士)	Senior human resources manager	Room 102, No. 19, Lane 60, Jianghang Road, Pujiang Town, Minhang District, Shanghai, PRC			52,000		0.02%
548 eligible grantees who have been granted options to subscribe for 1,000 to 25,000 A Shares . . . .	Employees	-	August 26, 2024	RMB29.48	7,033,300	50% during September 10, 2025 to September 9, 2026; 50% during September 10, 2026 to September 9, 2027	2.10%
155 eligible grantees who have been granted options to subscribe for 25,001 to 50,000 A Shares . . . .	Employees	-	August 26, 2024	RMB29.48	5,475,000	50% during September 10, 2025 to September 9, 2026; 50% during September 10, 2026 to September 9, 2027	1.63%
Total . . . . .					15,138,300		4.52%

*Notes:*

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised, the options granted under the 2024 Share Option Incentive Scheme are not exercised and that no other changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing.
- (2) The number of A Shares underlying the outstanding options granted and/or the exercise price will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, share consolidation, placing and dividend distribution. Such adjustment shall be subject to our Board's review and approval.

Save as disclosed above, no options were granted to any Directors, senior management and/or other connected persons of our Company under the 2024 Share Option Incentive Scheme.

We have applied to the Hong Kong Stock Exchange and SFC, respectively for (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Hong Kong Listing Rules, in relation to the options granted under the 2024 Share Option Incentive Scheme; and (ii) a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2024 Share Option Incentive Scheme. See “Waivers from Strict Compliance with Hong Kong Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in Relation to the 2024 Share Option Incentive Scheme” for details.

## **OTHER INFORMATION**

### **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 under the laws of the PRC.

### **Litigation**

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

### **Sole Sponsor**

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this Prospectus. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letters entered into between our Company and the Sole Sponsor, the fees of the Sole Sponsor payable by us to it in respect of its service as the sponsor in connection with the Listing on the Hong Kong Stock Exchange is HKD3 million.

### **Compliance Adviser**

Our Company has appointed Guotai Junan Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Hong Kong Listing Rules.

**Qualifications of Experts**

The qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Prospectus are as follows:

Name	Qualification
Guotai Junan Capital Limited . .	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Grant Thornton Hong Kong Limited . . . . .	Certified Public Accountants
Beijing DeHeng Law Offices . .	PRC Legal Adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. . . . .	Independent industry consultant
Thompson Hine LLP . . . . .	Legal adviser as to U.S. laws in relation to our business operations in the U.S.
Hogan Lovells International LLP . . . . .	International Sanctions Legal Adviser
Commerce & Finance Law Offices LLP . . . . .	Legal adviser as to U.S. tariff laws and regulations
Zhitong (Beijing) Registered Tax Agents Co., Ltd. Shanghai Branch . . . . .	Transfer Pricing Adviser

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

**Binding Effect**

This Prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**Bilingual Prospectus**

The English and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**No Material Adverse Change**

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

**Taxation of Holders of H Shares**

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 Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

**Preliminary Expenses**

Our Company has not incurred any material preliminary expenses in relation to the incorporation of our Company.

**Promoter**

The promoters of our Company are CIG Cayman, Kangyiqiao, Kangling Technology, CIG Holding, Kangguiqiao, Kangwuqiao and the 2012 Investors. See “History, Development and Corporate Structure — Major Shareholding Changes in Our Company — Capital Injection and Conversion into Joint Stock Limited Company in 2012” for details.

Save as disclosed in the sections headed “History, Development and Corporate Structure” and “Financial Information — Dividend” in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the Global Offering and the related transactions described in this Prospectus.

### Miscellaneous

Save as otherwise disclosed in this Prospectus:

- (a) within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (h) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (i) our Company has no outstanding convertible debt securities or debentures.

---

## **APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY**

---

### **DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Statutory and General Information — Other Information — Qualifications of Experts” in Appendix VI to this Prospectus; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix VI to this Prospectus.

### **DOCUMENTS AVAILABLE ON DISPLAY**

Electronic copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.cigtech.com](http://www.cigtech.com) during a period of 14 days from the date of this Prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report prepared by Grant Thornton Hong Kong Limited, the text of which is set forth in Appendix I to this Prospectus;
- (c) the audited consolidated financial statements of our Company for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;
- (d) the report from Grant Thornton Hong Kong Limited on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;
- (e) the material contracts in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix VI to this Prospectus;
- (f) the written consents referred to in “Statutory and General Information — Other Information — Qualifications of Experts” in Appendix VI to this Prospectus;
- (g) the service contracts referred to in “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Service Contracts” in Appendix VI to this Prospectus;
- (h) the legal opinions issued by Beijing DeHeng Law Offices, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

---

**APPENDIX VII      DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES AND AVAILABLE ON DISPLAY**

---

- (i) the legal memorandum issued by Hogan Lovells, our International Sanctions Legal Adviser;
- (j) the legal opinion issued by Thompson Hine LLP, our legal adviser as to U.S. laws in relation to our business operations in the U.S.;
- (k) the legal opinion issued by Commerce & Finance Law Offices LLP, our legal adviser as to U.S. tariff laws and regulations;
- (l) the industry report issued by F&S, the summary of which is set forth in “Industry Overview”;
- (m) the transfer pricing report issued by Zhitong (Beijing) Registered Tax Agents Co., Ltd. Shanghai Branch;
- (n) a copy of the following PRC laws, together with their unofficial English translations: (1) the PRC Company law, (2) the Securities Law, and (3) the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies; and
- (o) the terms of the 2024 Share Option Incentive Scheme.

**DOCUMENT AVAILABLE FOR INSPECTION**

A copy of a full list of grantees under the 2024 Share Option Incentive Scheme will be made available for public inspection at our Company’s principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus.

**CIG**

上海劍橋科技股份有限公司

CIG SHANGHAI CO., LTD.