越秀融資
YUE XIU CAPITAL

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian
PRC

Date: 30 May 2025

Dear Sirs,

Company	:	**Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company")**
Transaction Type	:	**Proposed Listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Proposed Listing")**
Subject	:	**Expert Consent Letter**

We refer to the prospectus of the Company dated 30 May 2025 (the "**Prospectus**") in respect of the Proposed Listing.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of all references to our name, qualifications, statements, confirmations and opinions in the form and context in which they respectively appear.

We also consent to a copy of this letter being made available on display as described in "Appendix VIII – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" to the Prospectus. We further consent to this letter being released to the Registrar of Companies in Hong Kong and The Stock Exchange of Hong Kong Limited and the references to it in the Prospectus.

越秀融資有限公司 **Yue Xiu Capital Limited**
香港灣仔港灣道30號新鴻基中心49樓17-37室 電話：(852)3925 9888 傳真：(852)2608 2383
Room 17-37, 49/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.
Tel: (852) 3925 9888 Fax: (852) 2608 2383
網址Website：www.yxsh.hk

For and on behalf of
Yue Xiu Capital Limited

Name: Cedric Wu
Title: Associate Director

TENET&PARTNERS
MANAGING RISK · CREATING VALUE

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian
PRC

Date: May 30, 2025

Dear Sirs,

Company	**:**	**Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company")**
Transaction Type	**:**	**Proposed Listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Proposed Listing")**
Subject	**:**	**Expert Consent Letter**

We refer to the prospectus of the Company dated May 30, 2025 (the "**Prospectus**") in respect of the Proposed Listing.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of all references to our name, qualifications, statements, confirmations and opinions in the form and context in which they respectively appear.

We also consent to a copy of this letter and our opinions being made available on display as described in "Appendix VIII – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" to the Prospectus. We further consent to this letter being released to the Registrar of Companies in Hong Kong and The Stock Exchange of Hong Kong Limited and the references to it in the Prospectus.

Yours faithfully,
Tenet & Partners

林皓然
____
Name: Lin Haoran (林皓然)
Title: Associate

FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China
Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian
PRC

Date: May 30, 2025

Dear Sirs,

Company	:	**Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company")**
Transaction Type	:	**Proposed Listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Proposed Listing")**
Subject	:	**Expert Consent Letter**

We refer to the prospectus of the Company dated May 30, 2025 (the "**Prospectus**") in respect of the Proposed Listing.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of all references to our name, qualifications, statements, confirmations and opinions in the form and context in which they respectively appear.

We also consent to a copy of this letter and our opinion and report being made available on display as described in "Appendix VIII - Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" to the Prospectus. We further consent to this letter being released to the Registrar of Companies in Hong Kong and The Stock Exchange of Hong Kong Limited and the references to it in the Prospectus.

FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
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Shanghai 200040, China
Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

Yours faithfully,
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Terry Tse

Name: Terry Tse
Title: Director

Peak Vision
Appraisals Limited

Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

Date: May 30, 2025

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian
PRC

Our Ref : NK/PP230310L/J

Dear Sirs,

Company	**:**	**Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company")**
Transaction Type	**:**	**Proposed Listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Proposed Listing")**
Subject	**:**	**Expert Consent Letter**

We refer to the prospectus of the Company dated May 30, 2025 (the "**Prospectus**") in respect of the Proposed Listing.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of all references to our name, qualifications, statements, confirmations and opinions in the form and context in which they respectively appear.

We also consent to a copy of this letter and our opinion and property valuation report being made available on display as described in "Appendix VIII – Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" to the Prospectus. We further consent to this letter being released to the Registrar of Companies in Hong Kong and The Stock Exchange of Hong Kong Limited and the references to it in the Prospectus.

Expert consent letter signature page

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP), RICS Registered Valuer, MCIREA
Director
Corporate Valuations

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Chern Sung Lee
CFA, CPA, MRICS, RICS Registered Valuer
Director
Corporate Valuations

Notes : (1) *Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.*

(2) *Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.*

羅兵咸永道

The Directors
Rongta Technology (Xiamen) Group Co., Ltd.
(容大合眾(廈門)科技集團股份公司)
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian
PRC

30 May 2025

Dear Sirs

We refer to the prospectus dated 30 May 2025 in connection with the proposed initial listing of H Shares of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Prospectus"), a copy of which is attached and initialled by us on its front cover for the purpose of identification.

Our engagement to prepare this letter has been performed in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants.

We hereby consent to the inclusion of our accountant's report and our report on unaudited pro forma financial information, both dated 30 May 2025, in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

RONGTA

Rongta Technology (Xiamen) Group Co., Ltd.

容大合眾(廈門)科技集團股份公司

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

Stock Code: 9881

GLOBAL OFFERING

Sole Sponsor

越秀融資
YUE XIU CAPITAL

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

越秀証券
YUE XIU SECURITIES

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

Rongta Technology (Xiamen) Group Co., Ltd.
容大合眾(廈門)科技集團股份公司

PricewaterhouseCoopers HONG KONG for Identification only Certified Public Accountants PwC

(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	:	**18,400,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**1,840,000 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**16,560,000 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$12.00 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock Code	:	**9881**

Sole Sponsor

越秀融資 YUE XIU CAPITAL

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

越秀証券 YUE XIU SECURITIES

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

農銀國際 ABC INTERNATIONAL　中銀國際 BOCI　建銀国际 CCB International　招銀国际 CMB INTERNATIONAL　民銀資本 CMBC CAPITAL HOLDINGS LIMITED

華福國際 HUAFU INTERNATIONAL　利弗莫尔证券 LIVERMORE HOLDINGS LIMITED　百惠金控 PATRONS　ZTSC 中泰國際

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date, which is expected to be on or before 12:00 noon on Friday, 6 June 2025. The Offer Price will not more than HK$12.00 per H Share and is expected to be not less than HK$10.00 per H Share, unless otherwise announced. If, for any reason, the final Offer Price is not agreed on or before 12:00 noon on Friday, 6 June 2025 between the Overall Coordinator, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), may, with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **https://www.rongtatech.cn/** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated business. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in "Risk Factors", "Summary of Principal Legal and Regulatory Provisions" in Appendix IV and "Summary of Articles of Association" in Appendix V.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting – Underwriting Arrangements and Expenses – Grounds of Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

ATTENTION

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

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

30 May 2025

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 Stock Exchange at www.hkexnews.hk under the "HKEXnews> New Listings> New Listing Information" section, and our website at https://www.rongtatech.cn/. 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:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply through the **HKSCC EIPO** channel by instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.

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" in this prospectus for further details of 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 500 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum 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 prefund 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[2] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment *HK$*
500	6,060.51	6,000	72,726.12	40,000	484,840.80	400,000	4,848,408.00
1,000	12,121.02	7,000	84,847.15	45,000	545,445.90	500,000	6,060,510.00
1,500	18,181.54	8,000	96,968.15	50,000	606,051.00	600,000	7,272,612.00
2,000	24,242.05	9,000	109,089.18	60,000	727,261.20	700,000	8,484,714.00
2,500	30,302.56	10,000	121,210.20	70,000	848,471.40	800,000	9,696,816.00
3,000	36,363.05	15,000	181,815.30	80,000	969,681.60	920,000[1]	11,151,338.40
3,500	42,423.56	20,000	242,420.40	90,000	1,090,891.80		
4,000	48,484.08	25,000	303,025.50	100,000	1,212,102.00		
4,500	54,544.59	30,000	363,630.60	200,000	2,424,204.00		
5,000	60,605.10	35,000	424,235.70	300,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at ***https://www.rongtatech.cn/*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Friday, 30 May 2025

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**(Note 2) . . . . 11:30 a.m. on Thursday, 5 June 2025

Application lists of the Hong Kong Public Offering open(Note 3) . . . . 11:45 a.m. on Thursday, 5 June 2025

Latest time to give **electronic application instructions** to HKSCC(Note 4) . . . . 12:00 noon on Thursday, 5 June 2025

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Thursday, 5 June 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf, 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(Note 3) . . . . 12:00 noon on Thursday, 5 June 2025

Expected Price Determination Date(Note 5) . . . . Friday, 6 June 2025

(1) Announcement of:
- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interests in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on our website at **https://www.rongtatech.cn/**(Note 6) and the website of the Stock Exchange at **www.hkexnews.hk** on or before . . . . Monday, 9 June 2025

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares – B. Publication of Results" in this prospectus from . . . . Monday, 9 June 2025

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **https://www.rongtatech.cn/**(Note 6) from . . . . Monday, 9 June 2025

Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available at the "Allotment Results" page at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function from . . . . 11:00 p.m. on Monday, 9 June 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before(Notes 7) . . . . Monday, 9 June 2025

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched on or before(Notes 8, 9). . . . . Tuesday, 10 June 2025

Dealings in H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Tuesday, 10 June 2025

The application for the Hong Kong Offer Shares will commence on Friday, 30 May 2025 through Thursday, 5 June 2025, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Tuesday, 10 June 2025.

Notes:

(1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application through the designated website at **www.hkeipo.hk** and obtained an application reference number from the designated website before 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 signal and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 June 2025, the application lists will not open or close on that day. Please refer to "How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements" for further details.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC by instructing your broker or custodian to apply on your behalf via FINI should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or about Friday, 6 June 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and us by 12:00 noon on Friday, 6 June 2025, the Global Offering will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their terms prior to 9:00 a.m. on the Listing Date. 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 do so at their own risk.

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

(9) Applicants who have applied through the **HK eIPO White Form** service for 500,000 or more Hong Kong Offer Shares may collect any H Share certificates in person from our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 June 2025 or such other date as notified by us as the date of dispatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Individuals must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

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

H Share certificates and/or refund cheques (if applicable) for applicants who have applied for less than 500,000 Hong Kong Offer Shares and any uncollected H Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Please refer to "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for further information.

The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with their respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Tuesday, 10 June 2025. Investors who trade our H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The above expected timetable is a summary only. Please refer to "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy 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 authorisation by the relevant securities regulatory authorities or in reliance of an exemption therefrom.

You should rely on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other persons or parties involved in the Global Offering. Information contained on our website at ***https://www.rongtatech.cn/*** *does not form part of this prospectus.*

Page

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in "Definitions" and "Glossary of Technical Terms".

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of printing equipment, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like IoT technology, cloud-based printing and AI integration. In addition to our ability to provide customised products tailored to our customers' specific requirements, as at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries.

AIDC refers to a variety of technologies applied to automatically identify objects, collect relevant data and enter data directly into computer systems without human intervention. AIDC systems are used to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error. Core AIDC technologies including barcode scanning, smart cards and magnetic stripe cards, optical character recognition, RFID scanning and biometric systems are directly engaged in the process of reading or collecting data from items, individuals, or environments, and then capturing that data for further processing. Further, printing systems and printing technology, particularly specialty printers, are used to generate machine-readable barcodes, labels, and other markers that are integral to the identification and tracking processes within AIDC workflows.

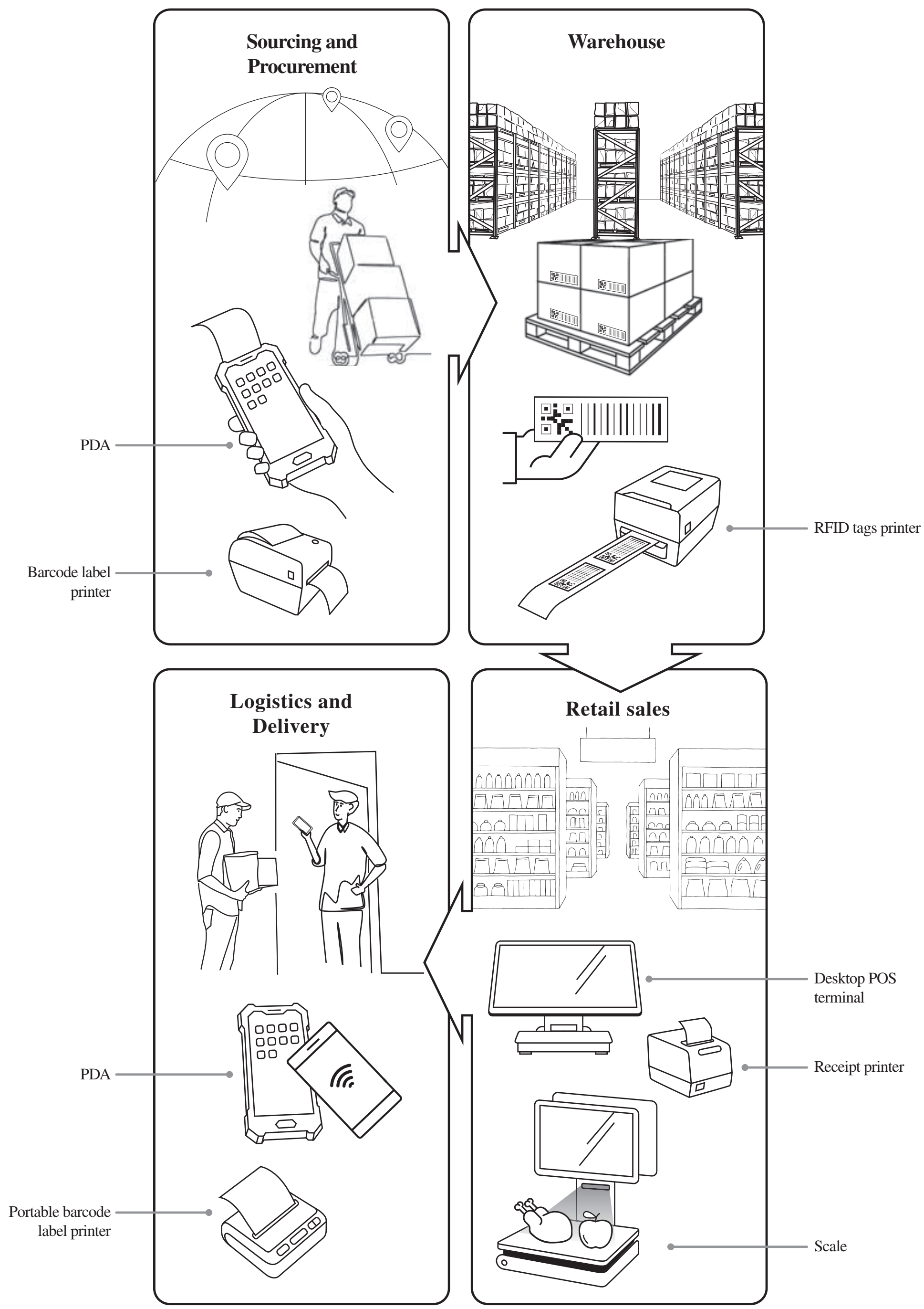
Our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation; and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC were our top five customers for each of FY2022, FY2023 and FY2024.

Over years of operation, we have developed capability to design and develop customised products in response to our customers' specific requests and needs, which allows our products to be applied in a variety of sectors. Our business model is a combination of sales of standardised "RONGTA" and "iMACHINE" branded products and sales of customised products, both domestically and internationally. We believe that our comprehensive product offering is able to provide one-stop AIDC solutions and facilitates digital upgrade of our customers' businesses. In particular, (i) POS terminals equipped with barcode scanners and NFC readers promote personalised shopping experience by allowing retailers to instantly recognise a shopper's loyalty card or mobile wallet and retrieve their purchase history, (ii) retailers use POS terminals and PDAs to make informed recommendations to shoppers to enhance their personalised shopping experience with access to real-time inventory information, product details, and customer purchase history, (iii) the specialty printers promote online-to-offline retail by generating labels for online orders, ensuring accurate packaging and delivery, and (iv) PDAs are used to update inventory across online and offline channels, enabling customers to check in-store stock availability online. The global AIDC devices market by sales value increased from US$60.8 billion in 2018 to US$90.1 billion in 2023 at a CAGR of 8.2%, continuously driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, according to Frost & Sullivan. Drawing upon our robust groundwork and market position, we are confident in our ability to continuously capitalise on the market expansion and opportunities within the global AIDC devices market.

OUR PRODUCTS

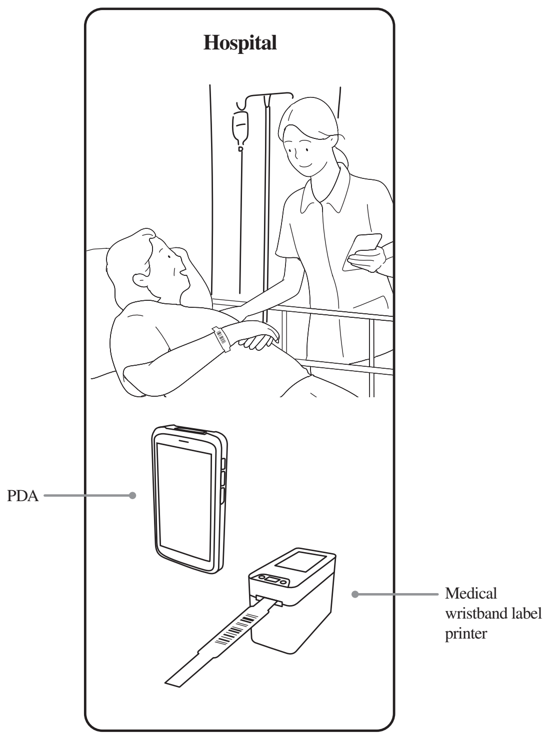
AIDC devices, including our products, are products applied to automatically identify objects, collect data and transmit data into systems that are widely used in various industries. For illustrative purpose, the following chart sets out how our products are currently applied in a typical retail scenario:

Commercial sector

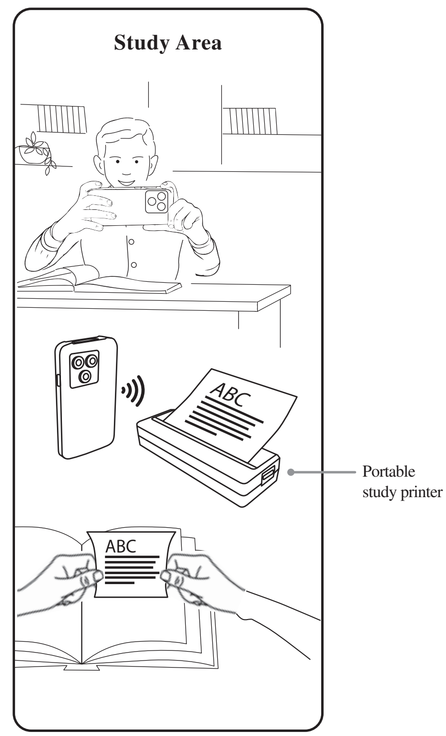


We provide AIDC devices and solutions not only in retail scenario, but also in education, medical and other industries. For illustrative purpose, the following charts set out the application of our products in typical education and medical scenarios:

Medical sector



Education sector



During the Track Record Period, we primarily engaged in the production and sales of printing equipment, scales, POS terminals and PDAs:

1. **Printing equipment** – We offer a range of thermal printing specialty printers including receipt printers, barcode label printers and panel printers, as well as printing modules of various sizes and capacities. Our printing equipment is designed to meet the needs of various industries, including retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment industries. Our printing equipment plays a critical role in the AIDC ecosystem by serving as the output source for data identified, captured, and processed by other AIDC devices. They transform processed data into tangible outputs such as receipts, labels, and barcodes, enabling seamless integration with business operations across various industries.

2. **Scales** – Scales are commonly used in retail transactions by businesses such as grocery stores, supermarkets and postal offices to accurately measure the weight of goods or products being sold or purchased. Most models of our scales are equipped with built-in printers, allowing users to weigh products and print receipts or barcodes for the transactions. Our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology aligns with the objectives of AIDC devices as it enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information, thereby streamlining operations and improving precision by minimising processing delays, manual effort and related errors.

3. **POS terminals and PDAs** – POS terminals are electronic systems used to effect transactions at the point of sale. They are equipped with built-in printers and NFC readers and they integrate AIDC technologies such as barcode scanning to facilitate electronic payment. They are commonly used in the retail industry to handle electronic payment transactions, and are also widely used in other scenarios, such as restaurants, hotels, supermarkets and convenience stores. PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They are also equipped with printing capabilities, cameras for code scanning, and NFC readers, and are more commonly used in inventory tracking and store management to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error.

In addition to the above, we also (i) sell accessories and other purchased products such as control boards, power cords and thermal paper to cater for the specific needs of our customers from time to time; (ii) provide product development and tooling services, where we generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications; and (iii) arrange independent product testing and certification organisations such as laboratories accredited by China National Accreditation Service (CNAS) or authorised by Bureau of Standards, Metrology and Inspection (BSMI) and China Radio Management Centre to apply for the relevant certifications for our customised products as per the request of our customers according to the product standards and certification requirements of their respective geographical location of sales, including (a) Federal Communications Commission (FCC) certificate, and National Type Evaluation Program (NTEP) Certificate of Conformance in the United States; CE mark and International Organization of Legal Metrology (OIML) Certificate in Europe; and China Compulsory Certification (CCC) and Pattern Approval Certificate for Measuring Instruments the PRC.

The following table sets out information about our revenue, gross profit and gross profit margin by product and service segment during the Track Record Period:

	FY2022				FY2023				FY2024			
	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*	*%*
Printing equipment	304,408	77.4	68,766	22.6	261,082	74.9	55,521	21.3	243,373	69.5	66,108	27.2
Scales	35,761	9.1	7,927	22.2	47,250	13.5	16,180	34.2	53,087	15.2	20,008	37.7
POS terminals and PDAs	23,583	6.0	4,584	19.4	16,497	4.7	4,445	26.9	33,564	9.6	7,820	23.3
Accessories and other purchased products	25,591	6.5	7,981	31.2	15,333	4.4	5,521	36.0	17,849	5.1	4,400	24.7
Others *(Note)*	3,930	1.0	603	15.3	8,587	2.5	3,797	44.2	2,189	0.6	1,029	47.0
Total	393,273	100.0	89,861	22.8	348,749	100.0	85,464	24.5	350,062	100.0	99,365	28.4

Note: Others mainly comprises tooling and provision of development and certification services.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024.

During the Track Record Period, we recorded relatively higher revenue in FY2022, primarily because (i) the sales of our portable study printers to Customer Group A peaked in FY2022 over the period, as the demand for portable study printers was indirectly stimulated by the increased demand for printing study materials, exercise and notes due to the social restrictive measures implemented during the COVID-19 pandemic; and (ii) Customer C placed one-off bulk purchase orders amounting to RMB34.6 million for our printing equipment in FY2022.

Printing equipment

Revenue derived from the sales of printing equipment decreased from RMB261.1 million for FY2023 to RMB243.4 million for FY2024. The decline in revenue was primarily due to the decrease in sales of portable study printers to Customer Group A by RMB21.4 million, Such decrease was mainly due to the softened market demands for portable study printer, which was generally used for preparing and printing study exercises and notes, when physical lessons or tutoring had revived upon lifting of social restriction during FY2023, partially offset by the increase in sales of newly launched hazardous waste label printers of RMB13.8 million. Our gross profit derived from the sales of printing equipment increased from RMB55.5 million for FY2023 to RMB66.1 million for FY2024 despite the decrease in revenue derived from the sales of printing equipment during such period, which was primarily attributable to the increase in gross profit margin of printing equipment from 21.3% for FY2023 to 27.2% for FY2024. Such increase in gross profit margin was primarily due to the increase in sales of our newly launched hazardous waste label printers in March 2024, which generally have a higher gross profit margin compared to other printing equipment due to their connectivity with the national or local hazardous waste treatment platforms and exclusive collaboration with the software company.

Revenue derived from the sales of printing equipment decreased from RMB304.4 million for FY2022 to RMB261.1 million for FY2023, mainly due to the decrease in sales to Customer C, one of our top five customers for FY2022, by RMB33.5 million from RMB34.6 million for FY2022 to RMB1.1 million for FY2023 as explained above. The decrease in gross profit derived from sales of printing equipment for FY2023 was generally in line with the decrease in revenue as explained above.

Scales

Revenue derived from the sales of scales increased from RMB47.3 million for FY2023 to RMB53.1 million for FY2024 as we extended our sales to cover new overseas customers, in particular, new customers in Thailand and Kazakhstan of RMB3.1 million and RMB2.0 million, respectively. Our gross profit derived from the sales of scales increased from RMB16.2 million for FY2023 to RMB20.0 million for FY2024, which was mainly attributable to (i) the increase in revenue derived from the sales of scales as explained above and (ii) the increase in gross profit margin of scales from 34.2% for FY2023 to 37.7% for FY2024. Such increase in gross profit margin was mainly attributable to the decrease in unit cost of our scales resulting from our efforts in obtaining better terms with our suppliers and the increased utilisation of bulk purchase discount.

Revenue derived from the sales of scales increased by 32.1% from RMB35.8 million for FY2022 to RMB47.3 million for FY2023. The increase in revenue derived from sales of scales was mainly attributable to the increase in sales of our AI scales in FY2023 since the launch of our AI scales products in FY2022 and the increase in overseas sales of conventional scales of RMB4.6 million. Our gross profit derived from the sales of scales increased from RMB7.9 million for FY2022 to RMB16.2 million for FY2023, which was mainly attributable to (i) the increase in revenue derived from the sales of scales as explained above and (ii) the increase in gross profit margin of scales from 22.2% for FY2022 to 34.2% for FY2023. Such increase in gross profit margin was mainly attributable to the increase in sales of AI scales, which generally have a higher gross profit margin and the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales of conventional scales mainly due to fierce price competition in the PRC. According to Frost & Sullivan, (i) there are large numbers of market participants in the PRC, leading to significant price competition; and (ii) domestic customers, including small businesses and factories, prioritise affordability over brand reputation, which forces manufacturers to lower their prices.

POS terminals and PDAs

Revenue derived from the sales of POS terminals and PDAs increased significantly from RMB16.5 million for FY2023 to RMB33.6 million for FY2024, as the sales volume of our POS terminals and PDAs doubled, as compared to FY2023. Our sales volume significantly increased following the launch of several new models in FY2023 and FY2024 designed to closely align with current market demands. For instance, we commenced sales of five new models such as AP12S Handheld POS Terminal, A2 Desktop POS Terminal and i2 Handheld Data Terminal, which are generally applied in retail sales, logistic, entertainment and medical sectors. Sales of these models, which commenced since July 2023, generated revenue of RMB0.6 million in FY2023 and RMB13.4 million in FY2024. Our gross profit derived from the sales of POS terminals and PDAs increased from RMB4.4 million for FY2023 to RMB7.8 million FY2024, which was primarily attributable to the increase in revenue derived from sales of POS terminals and PDAs as partially offset by the decrease in gross profit margin of POS terminals and PDAs from 26.9% for FY2023 to 23.3% for FY2024. Such decrease in gross profit margin was attributable to (i) the decrease in gross profit margin of our POS terminals as we reduced the selling price of certain models in order to increase market presence of our POS terminals. For instance, the average unit price of our model with the highest sales volume in FY2024, which was launched in FY2023 with upgraded hardware including motherboard and random access memory, decreased by approximately 4.4%. Meanwhile, the sales volume for this model quadrupled in FY2024; and (ii) the decrease in the proportion of sales of POS terminals, which generally have a higher gross profit margin as compared to PDAs. Our POS terminals generally have a higher gross profit margin compared to our PDAs due to (i) our ability to secure better pricing for raw materials used for the production of POS terminals, facilitated by our higher production volume of POS terminals relative to PDAs during the Track Record Period. For instance, the average unit cost of certain type of our POS terminal motherboards, which cannot be used for the production of PDAs, decreased by 3.2% on average in FY2024 along with increased purchase volume correlating with higher POS terminal sales; and (ii) the pricing of PDAs was competitive due to market competition.

Revenue derived from the sales of POS terminals and PDAs decreased from RMB23.6 million for FY2022 to RMB16.5 million for FY2023. Such decrease was mainly due to decrease in sales to (i) an existing customers in France of RMB4.4 million as the orders from such customer were driven by a one-off project which was completed in FY2022; and (ii) an existing customer in Italy of RMB1.4 million due to enhanced product requirements that our existing models were unable to meet at that time. We subsequently launched a new model of POS terminal with improved design and upgraded hardware components in 2023. Following the launch of this new model, there was a recovery in sales to such customer from RMB0.6 million in FY2023 to RMB1.3 million in FY2024. Our gross profit derived from the sales of POS terminals and PDAs remained relatively stable in FY2022 and FY2023 despite the decrease in revenue derived from the sales of POS terminals and PDAs by RMB7.1 million during such period, which was primarily due to the increase in gross profit margin of our POS terminals from 18.9% for FY2021 to 29.2% for FY2022. The gross profit margin for FY2022 was relatively low as we reduced the selling price of certain outdated models which have a lower profit margin, in order to clear up our stocks in contemplation of the launch of iterated models with improved motherboard and random-access memory in FY2023.

Accessories and other purchased products

Revenue derived from the sales of accessories and other purchased products increased from RMB15.3 million for FY2023 to RMB17.8 million for FY2024. Such increase was primarily due to (i) the increase in sales of parts to our existing customers. In particular, one of our customers in Brazil increased its purchase of parts by RMB1.0 million alongside with its purchase of our printing equipment and POS terminals; and (ii) the sales of obsolete raw materials that are no longer used in production, mainly including electronic parts such as motherboards, liquid-crystal display (LCD) modules and monitors. Our gross profit derived from the sales of accessories and other purchased products decreased from RMB5.5 million for FY2023 to RMB4.4 million for FY2024 despite the increase in revenue derived from the sales of accessories and other purchased products during such period, which was mainly due to the decrease in gross profit margin of accessories and other purchased products from 36.0% for FY2023 to 24.7% for FY2024. Such decrease in gross profit margin was primarily due to (i) the sales of obsolete electronic parts, which were specifically prepared for the production of certain models that has been phased out, at a gross loss; and (ii) the increase in sales of parts of printing equipment of RMB1.2 million with a lower gross profit margin of 15.0% to an existing customer in Brazil in view of our long-standing business relationship with such customer since 2016.

Revenue derived from the sales of accessories and other purchased products decreased from RMB25.6 million for FY2022 to RMB15.3 million for FY2023. Such decrease was mainly due to (i) the decrease in sales to our existing customers in Brazil and Republic of Bulgaria of RMB3.2 million and of RMB2.4 million, respectively. According to such customers, they scaled back the size of orders in view of the then market conditions; and (ii) the decrease in sales to an existing customer in Spain. In particular, orders from such customer for the year ended 31 December 2021 were delivered in FY2022, whereas the orders in FY2022 and FY2023 were delivered within the respective fiscal years. Therefore, we recognised more revenue from such customer in FY2022. The decrease in gross profit derived from the sales of accessories and other purchased products for FY2023 which was generally in line with the decrease in revenue as explained above.

Others

Revenue derived from others decreased from RMB8.6 million for FY2023 to RMB2.2 million for FY2024. The decrease was attributed to a decline in product development projects and orders for customised products that require new moulds and certification services. The decrease in gross profit derived from others for FY2024 was generally in line with the decrease in revenue as explained above.

Revenue derived from others increased from RMB3.9 million for FY2022 to RMB8.6 million for FY2023. Such increase was primarily attributable to the increase in revenue derived from product development service as we undertook an AI scale development project in amount of RMB3.6 million. The increase in gross profit derived from others for FY2023 was generally in line with the increase in revenue as explained above.

OUR COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths: (i) established specialty printer provider well positioned to leverage the growth potential in the AIDC devices and solutions market; (ii) R&D capabilities with wide recognition in the industry; (iii) established and diversified customer base across the globe; (iv) comprehensive and effective quality control; and (v) visionary and competent management team.

OUR BUSINESS STRATEGIES

We plan to implement the following strategies to leverage on our competitive strengths to capture the growing market demand and solidify our market position: (i) continue to enhance our market position by expanding our product portfolio and strengthening our R&D capabilities; (ii) strengthen our production efficiency and effectiveness; and (iii) enhance our international presence and increase our market shares in key international markets.

R&D

We are committed to R&D and delivery of AIDC devices and solutions. In 2024, our desktop POS terminal received the iF Design Award and the Red Dot Design Award, both of which are world-renowned product design awards. We also received multiple awards and recognitions from the industry and the relevant government authorities, including the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部).

OUR CUSTOMERS AND SALES CHANNELS

Our customers come from diverse industries encompassing, among others, retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. For each of FY2022, FY2023 and FY2024, revenue from our top five customers amounted to approximately RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period.

We sell our products through direct sales and sales to distributors. For FY2022, FY2023 and FY2024, our revenue from direct sales amounted to RMB370.5 million, RMB311.2 million and RMB335.3 million, accounting for 94.2%, 89.2% and 95.8% of our total revenue, respectively. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. According to Frost & Sullivan, our sales channels of selling AIDC devices through direct sales and sales to distributors are generally in line with industry norm.

The following table sets out information about our revenue by geographical location and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	214,756	54.6	190,054	54.5	185,272	52.9
Asia (except the PRC)	53,232	13.5	58,860	16.9	56,894	16.3
Europe	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)	16,714	4.3	14,938	4.3	20,265	5.8
Africa	9,868	2.5	5,651	1.6	10,750	3.1
Oceania	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Please refer to the section headed "Financial Information – Review of Historical Results of Operation" in this prospectus for the reasons of fluctuation of our revenue by geographical location during the Track Record Period.

OUR SUPPLIERS

We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. We select our suppliers based on a number of factors, including but not limited to the history of our relationship with them, product quality, supply capacity, price, and proximity with our production base. We maintain a list of qualified suppliers and we generally purchase raw materials only from selected qualified suppliers.

COMPETITION

The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. The PRC market accounted for approximately 16.6% of the global market share in 2023, which was overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain. The specialty printer market in the PRC is relatively competitive, with the top five players contributing to 28.0% of the entire market in 2023 in terms of revenue. Our Group ranked the ninth with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, our Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share. The scale market in the PRC is relatively fragmented, with the top five players contributing to only 36.0% of the entire market in terms of revenue. The POS terminal and PDA market in the PRC is relatively competitive, with the top five players contributing to 9.7% of the entire market in terms of revenue.

Entry barriers of the AIDC devices market largely lie in company's branding, track record of project delivery, qualification barriers, market know-how, high conversion costs due to customised R&D services, and technical requirement for payment security. Our Directors are of the view that we have distinguished ourselves in the competitive industry leveraging on our position as an established specialty printer provider with a global sales network.

For details on our competitive landscape, including our market share in the scale market and the POS terminal and PDA market in the PRC, please refer to the section headed "Industry Overview – Competitive Landscape".

BUSINESS ACTIVITIES WITH REGION SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we sold printing equipment to a customer located in Iran (the "**Iran Customer**"), a country subject to comprehensive International Sanctions. For FY2022, FY2023 and FY2024, our sales to the Iran Customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. Given the de minimis transaction amount with the Iran Customer, our Directors are of the view that such cessation does not have any material impact on our Group's financial position and business operations.

As advised by our legal adviser as to International Sanctions law, the Iran Customer is not specifically identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or other restricted parties lists maintained by the United States, the European Union, Australia and the United Nation and therefore would not be deemed as a sanctioned target. As advised by our legal advisers as to International Sanctions law, our products provided to Iran during the Track Record Period did not involve industries or sectors that are currently subject to International Sanctions and therefore are not deemed to be prohibited activities under the relevant International Sanctions and there is no investigation of any kind or by any regulatory or government authority regarding our sales to Iran.

Our legal advisers as to International Sanctions laws has concluded that there is no material risk that any regulator would impose sanctions in connection with these transactions, and no remedial actions are necessary by the Group related to the Iran transactions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the view of our Company's legal advisers as to International Sanctions laws, there is no apparent or material sanctions risk, including primary sanctioned activity or secondary sanctionable activity, presented by our business transactions during the Track Record Period.

For details of our business activities in Iran and our internal control measures to minimise sanctions risk, please refer to the sections headed "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of sales in countries that are subject to evolving economic sanctions by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities" and "Business – Business Activities with Region subject to International Sanctions".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Comprehensive Income

The following table sets out the summary of our Group's consolidated results for the Track Record Period, which are derived from, and should be read in conjunction with the consolidated financial information contained in the Accountant's Report set out in Appendix I to this prospectus:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	393,273	348,749	350,062
Cost of sales	(303,412)	(263,285)	(250,697)
Gross profit	89,861	85,464	99,365
Other income	12,858	10,404	16,883
Other gains/(losses) – net	4,374	(2,260)	1,193
Selling and marketing expenses	(24,789)	(22,531)	(25,013)
General and administrative expenses	(25,567)	(31,130)	(30,505)
R&D expenses	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets	6	(165)	173
Operating profit	43,779	30,999	46,743
Finance income	430	818	971
Finance costs	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)
Profit before income tax	42,378	29,554	44,885
Income tax expense	(4,931)	(1,951)	(3,538)
Profit for the year	37,447	27,603	41,347

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also present the adjusted net profit for the years and adjusted net profit margin as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of Listing expenses and share-based payment. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth a reconciliation of our net profit for the year under IFRS to adjusted net profit (non-IFRS measures) for the years indicated by adding back (i) the Listing expenses and (ii) share-based payment which is non-cash in nature and does not result in cash outflow. Therefore, by eliminating the impacts of such items in the calculation of adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures), this measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year.

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	37,447	27,603	41,347
Add:			
Share-based payment	8,158	–	–
Listing expenses	–	8,605	8,293
Adjusted net profit (non-IFRS measure)	45,605	36,208	49,640
Adjusted net profit margin (non-IFRS measure)	11.6%	10.4%	14.2%

Although these financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered as measures comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

Our net profit increased from RMB27.6 million for FY2023 to RMB41.3 million for FY2024. Such increase was primarily attributable to (i) the increase in gross profit by RMB13.9 million for FY2024 as compared to FY2023 and (ii) the increase in other income from RMB10.4 million for FY2023 to RMB16.9 million for FY2024 as a result of the increase in government grants received.

Our net profit decreased from RMB37.5 million for FY2022 to RMB27.6 million for FY2023. Such decrease was primarily attributable to (i) the decrease in gross profit by RMB4.4 million for FY2023 as compared to FY2022 and (ii) the turnaround of other gains – net of RMB4.4 million for FY2022 to other losses – net of RMB2.3 million for FY2023.

Summary Consolidated Statement of Financial Position

The table below sets out a summary of our Group's consolidated statement of financial position as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	85,465	84,283	84,444
Right-of-use assets	5,108	4,690	4,682
Investment properties	41,957	40,955	39,953
Intangible assets	12,823	19,761	23,021
Deferred tax assets	2,240	2,818	1,520
Other non-current assets	1,574	–	2,634
Total non-current assets	149,167	152,507	156,254
CURRENT ASSETS			
Inventories	90,001	87,187	64,446
Trade and note receivables	24,306	60,181	66,166
Prepayments and other receivables	15,773	22,068	20,231
Amounts due from related parties	39,036	32,492	–
Financial assets at fair value through profit or loss	56,542	11,504	22,422
Restricted cash	6,787	2,304	–
Cash and cash equivalents	23,427	15,141	7,609
Total current assets	255,872	230,877	180,874
Total assets	405,039	383,384	337,128
NON-CURRENT LIABILITIES			
Borrowings	49,977	49,278	31,379
Lease liabilities	94	–	65
Deferred tax liabilities	7	–	439
Total non-current liabilities	50,078	49,278	31,883

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Trade payables	46,038	68,098	43,811
Accruals and other payables	43,108	20,866	23,802
Borrowings	60,224	37,483	57,942
Contract liabilities	14,945	10,307	7,715
Lease liabilities	325	96	126
Financial liabilities at fair value through profit or loss	–	2,114	–
Current tax liabilities	4,218	1,436	786
Provision	11,000	11,000	11,000
Total current liabilities	179,858	151,400	145,182
Total liabilities	229,936	200,678	177,065
Net current assets	76,014	79,477	35,692
Net assets	175,103	182,706	160,063

We recorded a decrease in net current assets from RMB79.5 million as at 31 December 2023 to RMB35.7 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million mainly by way of share repurchase and capital reduction in March 2024 and increase in bank borrowings, in particular RMB21.4 million of non-current borrowings as at 31 December 2023 have been reclassified as current borrowings as at 31 December 2024.

We recorded an increase in net current assets from RMB76.0 million as at 31 December 2022 to RMB79.5 million as at 31 December 2023. Such increase was mainly due to the decrease in current liabilities outweighing the decrease in current assets. The decrease in current assets of RMB25.0 million was mainly due to the decrease in financial assets at fair value through profit or loss and cash and cash equivalents, being partially offset by the increase in trade receivables. The decrease in current liabilities of RMB28.5 million was mainly due to the decrease in accruals and other payables and contract liabilities, which was partially offset by the increase in trade payable.

We recorded a decrease in net assets from RMB182.7 million as at 31 December 2023 to RMB160.1 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction in March 2024 and the dividend distribution of RMB31.5 million during the year, as partially offset by the net profit for the year of RMB41.3 million.

We recorded an increase in net assets from RMB175.1 million as at 31 December 2022 to RMB182.7 million as at 31 December 2023. Such increase was mainly attributable to the net profit for the year of RMB27.6 million, as partially offset by the dividend distribution of RMB20.0 million during the year.

Cash Flows

The following table sets out selected cash flows data from our consolidated statements of cash flows for the year indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	60,436	24,521	54,630
Net cash (used in)/generated from investing activities	(99,298)	29,582	(28,133)
Net cash generated from/(used in) financing activities	44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents	6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year	15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents	1,398	356	268
Cash and cash equivalents at end of year	23,427	15,141	7,609

Key Financial Ratios

	FY2022	FY2023	FY2024
Liquidity ratios			
Current ratio (times)	1.4	1.5	1.2
Quick ratio (times)	0.9	0.9	0.8
Capital adequacy ratios			
Gearing ratio *(%)*	63.2	47.5	55.9
Net debt to equity ratio *(%)*	49.8	39.3	51.2
Interest coverage	31.2	21.5	25.2
Profitability ratios			
Return on total assets *(%)*	9.2	7.2	12.3
Return on equity *(%)*	21.4	15.1	25.8
Net profit margin *(%)*	9.5	7.9	11.8

Note: Please refer to the section headed "Financial Information – Key Financial Ratios" in this prospectus for the basis of calculation of such financial ratios.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Xiamen Rongxin, Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are our Controlling Shareholders and will, directly or indirectly, hold approximately 74.98% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account Shares which may be issued pursuant to the exercise of the Over-allotment Option).

PRE-IPO INVESTMENTS

Between April to December 2021, our Company obtained several rounds of investments from the Pre-IPO Investors (including Raycloud Technology, Xiamen Yijiayi, Xiamen Shangzhi Lianyao, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde) through subscriptions for increased registered capital of our Company. For further details of the Pre-IPO Investments, please refer to the section headed "History, Development and Corporate Structure" of this prospectus. According to the PRC Company Law, all current Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date.

LISTING EXPENSES

Based on the Offer Price of HK$11.00 (being the mid-point of the Offer Price range stated in this prospectus and assuming the Over-allotment Option is not exercised at all), the total Listing expenses (including legal and professional fees, underwriting fees and other relevant expenses) in relation to the Global Offering payable by us are estimated to be RMB49.0 million. For FY2022, FY2023 and FY2024, our Listing expenses charged to our consolidated statement of comprehensive income were nil, RMB8.6 million and RMB8.3 million, respectively. We expect to further recognise Listing expenses of RMB13.8 million to our consolidated statement of comprehensive income subsequent to the Track Record Period and to deduct from equity of RMB18.3 million upon Listing.

The total Listing expenses of RMB49.0 million borne by us include (i) underwriting-related expenses, including underwriting commission, of RMB13.1 million; (ii) professional fees, including fees of legal advisers and the Reporting Accountant, of RMB20.7 million; and (iii) other fees and expenses of approximately RMB15.2 million.

DIVIDEND

For FY2022, FY2023 and FY2024, dividends of RMB5.0 million, RMB35.0 million and RMB31.5 million have been paid by our Company to our Shareholders. As advised by our PRC Legal Advisers, the historical dividend payments of our Group were declared and paid in accordance with the applicable PRC laws.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Since our Company and a majority of our major subsidiaries were established in the PRC, the future dividend payments of our Company will depend largely upon the availability of dividends received from our subsidiaries in the PRC, which were subject to the PRC laws. Under the PRC laws, dividends can only be paid out of distributable profit of a PRC company. PRC laws require that dividends be paid only out of the profit for the year calculated according to the PRC GAAP, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require our subsidiaries to set aside at least 10% of its net profit as statutory reserves, which are not available for distribution as cash dividends. Distributable profit is our profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Company has adopted a dividend policy to pay an annual dividend at a ratio of no less than 30% of profit attributable to owners of the Company.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering will be HK$148.3 million, assuming an Offer Price of HK$11.00 per H Share (being the mid-point of the indicative range of the Offer Price of HK$10.00 to HK$12.00 per H Share) without the exercise of the Over-allotment Option.

We currently intend to use the net proceeds from the Global Offering as follows:

- approximately 36.5% of the net proceeds or HK$54.2 million, will be used for R&D activities to expand our product portfolio and enhance our R&D capacity;
- approximately 33.4% of the net proceeds or HK$49.5 million, will be used to strengthen our production efficiency and effectiveness;
- approximately 20.1% of the net proceeds or HK$29.8 million, will be used to expand our sales network and international presence; and
- approximately 10.0% of the net proceeds or HK$14.8 million, for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks and uncertainties involved in our business and operations, some of which are beyond our control. These risks are set out in "Risk Factors" in this prospectus which include but not limited to:

- A significant portion of our revenue is derived from international markets and we are therefore subject to any material adverse changes to these markets.
- Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States.
- We are exposed to foreign exchange risks.
- Failure to maintain an effective quality control system on the manufacturing of our products could harm our business.

- We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.

- We may be exposed to risks of infringement in relations to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties.

STATISTICS OF THE GLOBAL OFFERING

	Based on an Offer Price of HK$10.00 per Offer Share	**Based on an Offer Price of HK$12.00 per Offer Share**
Market capitalisation of our Shares *(Note 1)*	HK$947.3 million	HK$1,136.8 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)*	HK$3.18	HK$3.54

Notes:

1. The calculation of market capitalisation is based on 94,733,000 Shares expected to be in issue immediately following the Global Offering (assuming that the Over-allotment Option is not exercised), including 18,400,000 H Shares expected to be issued under the Global Offering and 76,333,000 Domestic Shares expected to be converted into H Shares on a one-for-one basis upon the completion of the Global Offering.

2. The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" to this prospectus and on the basis of 94,733,000 Shares (representing 76,333,000 Shares as at 31 December 2024 and 18,400,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on 31 December 2024 but does not take into account any Shares which may be allotted and issued by the Company pursuant to the Over-allotment Option or the general mandate or repurchased by the Company pursuant to the repurchase mandate as described in the section headed "Share Capital" in this prospectus.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering in the PRC (the "**A Share Listing Attempt**"). On 25 June 2021, our Company had engaged Sinolink Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. However, considering the then capital market environment, and based on the discussions with the Tutoring Agency, our Company considered that there were uncertainties with respect to the timetable for completing the A share listing, thus, our Company voluntarily decided not to pursue the A Share Listing Attempt.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model remained unchanged subsequent to the Track Record Period. In January 2025 and February 2025, Rongta (SG) and Rongta (Malaysia) were incorporated as our Company's wholly owned subsidiaries, respectively, to support our overseas expansion in Southeast Asia.

Sino-U.S. and Global Trade Tension

In recent years, there have been increasing trade frictions between the United States and China driven by a range of factors, including legislative actions, economic sanctions and executive orders. In February 2025, the United States government imposed a 10% tariff on imports from China. Such tariff was further increased to 20% in March 2025. On 2 April 2025, the United States government imposed a reciprocal tariff of 34% on imports from China. Such reciprocal tariff was subsequently raised to 84% and further revised to 125% on 8 April 2025 and 9 April 2025, respectively (the "**Additional Tariffs**"). On 12 May 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to, among others, (i) suspend the tariff duty of 24% for an initial period of 90 days; and (ii) remove all of the Additional Tariffs (the "**Joint Statement**"). On 13 May 2025, the U.S. government issued an executive order to confirm and implement the modifications stated in the Joint Statement.

As at the Latest Practicable Date, imports from China, including our printing equipment, scales, POS terminals and PDAs, to the United States were subject to a tariff rate of 30% on top of any other tariff and duties which had already been implemented before February 2025, and it remained uncertain how the Sino-U.S. and global trade tension will develop.

For FY2022, FY2023 and FY2024, our sales to the United States amounted to RMB48.4 million, RMB38.1 million and RMB36.5 million, accounting for 12.3%, 10.9% and 10.4% of our total revenue, respectively. During the Track Record Period, all tariffs were borne by our customers according to the agreed terms.

We have implemented the following measures to mitigate the risks arising from the Sino-U.S. and global trade tension:

(i) we are closely monitoring the developments in the Sino-U.S. and global trade relations and maintaining regular communication with our customers in the United States to explore mutually acceptable solutions, such as order rescheduling, to mitigate the impact of the increased tariff rates. We initiated negotiations with certain customers in the United States, including arrangements for temporary deferrals of product deliveries under mutually agreed terms, and all such deliveries have been completed as at the Latest Practicable Date; and

(ii) we are expediting the establishment of our new production centre in Malaysia, where the tariffs imposed by the United States on imports from Malaysia were lower than those imposed on Chinese imports as at the Latest Practicable Date. To the best knowledge of our Directors, (a) the United States government implemented a 90-day pause on the reciprocal tariff on imports from Malaysia in April 2025, and the tariff rate on imports from Malaysia is 10% as at the Latest Practicable Date; and (b) assuming that the 90-day pause lapses in July 2025 and there is no further development of the tariff-related matters, imports from Malaysia will be subject to a tariff rate of 24%. It is expected that the new production centre in Malaysia will commence operation in the second quarter of 2025. We have entered into a tenancy agreement in April 2025 for a premises in Malaysia which will be used as the production centre, and we have commenced the renovation and sourcing of the machinery and equipment for the production centre.

However, there can be no assurance that these advantages will persist if trade tensions escalate further or market dynamics shift. If our customers in the United States reduce or stop placing purchase orders with us and we are unable to find alternative customers to place orders with us at similar quantities, prices, or at all, our business performance, financial condition, and results of operations may be adversely affected. There is no guarantee that there will not be further amendments or updates of the applicable tariff rates announced by the United States government against imports from China, or all tariffs will be borne by our customers. If there are additional tariffs imposed by the United States government or if we are required to bear the tariffs, our financial performance may be materially and adversely affected. For details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States".

Asset Preservation over the New Xiamen Base

As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the New Xiamen Base was under asset preservation by the court (the "**Asset Preservation**"). To the best knowledge and belief of our Directors, in April and May 2025, the plaintiff of the previous civil proceeding against our Group applied for the asset preservation in the Intermediary People's Court of Xiamen City for the dispute in relation to an alleged infringement of trade secrets.

As advised by our PRC Legal Advisers:

(i) based on the information available to us as at the date of this prospectus, save for the Asset Preservation, they are not aware of any litigation actions or separate civil proceedings initiated and served to our Company;

(ii) according to the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法), for asset preservation before commencement of legal proceedings, if the applicant does not initiate a lawsuit or apply for arbitration in accordance with the law within 30 days after the court has taken the measure of preservation, the court shall lift the asset preservation;

(iii) the Asset Preservation is an interim measure to preserve the property before or during the legal proceedings, which has no bearing on the merits of the related claim;

(iv) the Asset Preservation does not restrict our Group's right to possess, use and lease out the New Xiamen Base; and

(v) the legal proceedings, even if initiated, will involve lengthy proceedings and it will likely take at least 12 months before a decision on merits can be made by the court.

Our Directors consider, and the Sole Sponsor concurs, that the Asset Preservation did not and will not cause any material adverse impact on the Group's business, financial conditions and results of operations based on the following reasons:

(i) as at the date of this prospectus, save for the Asset Preservation, our Directors are not aware of any litigation actions or separate civil proceedings initiated and served to our Company, and our Directors have no knowledge about whether such proceedings will be initiated at all, and if yes, when such proceedings will be initiated;

(ii) even if any legal proceedings are initiated (the "**Possible Legal Proceedings**"), the process would be lengthy (including any extension and submission of documents and/or information provided to the court, if applicable, which can extend to more than 12 months after the Listing Date) before the decision of any possible lawsuits, and the Asset Preservation has no bearing on the merits of the claim; and

(iii) our Controlling Shareholders have undertaken to indemnify for any such amount exceeding RMB9.4 million. Since the legal process may be lengthy, our Controlling Shareholders have agreed that, in case of the Possible Legal Proceedings being initiated, they will voluntarily extend the lock-up period of the Shares held at the completion of the Listing to the final conclusion of the Possible Legal Proceedings. Based on the low end of the indicative Offer Price range and the estimated market capitalisation of HK$947.3 million of the Company, and the aggregated shareholding of approximately 74.98% of the Controlling Shareholders immediately following the completion of the Global Offering without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the market value of the securities held by our Controlling Shareholders would be approximately

HK$710.3 million. Our Directors are of the view that such indemnity provided by our Controlling Shareholders is sufficient to cover the amount of the Asset Preservation and the claims from the Possible Legal Proceedings. In any event, the Group will vigorously assert its defence to safeguard the interest of the Group and the Shareholders in the Possible Legal Proceedings.

Save for the Asset Preservation, we are not aware of any legal actions or separate civil proceedings initiated against our Company. Even if the applicant lodges the Possible Legal Proceedings against us, we will vigorously assert our defence to safeguard interest of our Company and our Shareholders in the proceedings, if any, and we believe that it is unlikely that the expected compensation, if any, will bring adverse impact to our Group's operation and financial position. For details of the legal proceedings, please refer to the paragraph headed "Business - Legal and Compliance - Legal Proceedings" in this prospectus.

Save as disclosed above, our Directors are of the view that, as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2024, being the end date of the period reported in Appendix I to this prospectus, and there is no event since 31 December 2024 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

In this prospectus, the following words and expressions shall have the meanings set out below unless the context otherwise requires. Certain other terms are explained in "Glossary of Technical Terms" in this prospectus.

"Accountant's Report"	the accountant's report 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"	Accounting and Financial Reporting Council (會計和財務匯報局)
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted by the then Shareholders on 26 May 2025 which will become effective on the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"business day(s)"	any day(s) (other than Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licenced banks in Hong Kong are generally open to the public for normal banking business
"Capital Market Intermediaries"	the capital market intermediaries participating in the Global Offering, which includes the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Manager as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China" or "PRC"	The People's Republic of China and, except where the context otherwise requires, and only for the purpose of this prospectus and for geographical reference purposes, references in this prospectus to China or the PRC exclude Hong Kong, the Macao Special Administrative Region and Taiwan, China
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司), a limited liability company established in the PRC on 20 December 2010 and subsequently converted into a joint stock company with limited liability on 28 October 2019, whose predecessor was Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Rongxin, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng
"Conversion of Domestic Shares into H Shares"	the conversion of 76,333,000 Domestic Shares in aggregate held by the Shareholders into H Shares on a one-for-one basis upon the completion of Global Offering. Such conversion of Domestic Shares into H Shares has been approved by the CSRC on 5 February 2025 and an application for H Shares to be listed on the Hong Kong Stock Exchange has been made to the Hong Kong Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"COVID-19"	the coronavirus disease (COVID-19)

"CSRC"	the China Securities Regulatory Commission (中華人民共和國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Deed of Indemnity"	a deed of indemnity dated 27 May 2025 entered into by our Controlling Shareholder(s) in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in "Statutory and General Information – F. Other Information – 1. Tax and other Indemnities" in Appendix VII to this prospectus
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share in our capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC-incorporated entities
"EIPO"	Electronic Initial Public Offering, a service offered by HKSCC for public offer share subscription
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	"Fast Interface for New Issuance", an online platform operated by HKSCC 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 on the Stock Exchange
"Frost & Sullivan"	Frost & Sullivan, an independent industry consultant commissioned by us to prepare the F&S Report

"FY2022", "FY2023", "FY2024"	for the financial years ended 31 December 2022, 2023 and 2024, respectively
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, 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, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with nominal value of RMB1.0 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"**HK eIPO White Form**"	the application of the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through FINI in accordance with your instruction
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 1,840,000 H Shares initially offered for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offering by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 29 May 2025 relating to the Hong Kong Public Offering and entered into by (i) our Company; (ii) our executive Directors; (iii) our Controlling Shareholders; (iv) the Sole Sponsor; (v) the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers; and (vi) the Hong Kong Underwriters, as further described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Underwriting Agreement" in this prospectus
"IFRSs"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"IMachine"	IMachine (Xiamen) Intelligent Devices Co., Ltd.* (艾碼訊(廈門)智能設備有限公司), a limited liability company established in the PRC on 15 November 2017 and a direct wholly-owned subsidiary of our Company
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is/are independent and not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 16,560,000 H Shares initially offered for subscription pursuant to the International Offering, subject to the Over-allotment Option and reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"International Offering"	the conditional offering of the International Offer Shares by the International Underwriters at the Offer Price with professional, institutional and other investors by the International Underwriters on behalf of our Company as further described in "Structure and Conditions of the Global Offering" in this prospectus

"International Sanctions"	all applicable laws and regulations related 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 US Government, the European Union and its member states, United Nations or the Government of Australia
"International Underwriters"	the underwriter who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement expected to be entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the International Underwriters and the Capital Market Intermediaries in respect of the International Offering on or about the Price Determination Date, as further described in "Underwriting – Undertakings Pursuant to the Listing Rules – The International Offering" in this prospectus
"Joint Bookrunners", "Joint Lead Managers"	the joint bookrunners and the joint lead manager as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Latest Practicable Date"	23 May 2025, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on Tuesday, 10 June 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"New Xiamen Base"	our headquarters in Xiamen located at No. 88, Tonghui South Road, Tong'an District, Xiamen, Fujian Province, the PRC (中國福建省廈門市同安區同輝南路88號), which serves as premises for our existing production base and main offices
"Nomination Committee"	the nomination committee of our Board
"NPC" or "National People's Congress"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NPC Standing Committee"	the Standing Committee of National People's Congress (全國人民代表大會常務委員會)
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed pursuant to the Global Offering, to be determined in the manner described in the section headed "Structure and Conditions of the Global Offering – Pricing and Allocation" in this Prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option
"Old Xiamen Base"	our previous headquarters in Xiamen located at the second, third and fourth floors of No. 1 Factory Building and the entire Industrial Complex, No. 889, Xinmin Avenue, Tong'an District, Xiamen, Fujian Province, the PRC (中國福建省廈門市同安區新民大道889號第1廠房二、三、四層、工業綜合樓整棟)

"Overall Coordinator" or "Yue Xiu Securities" or "Sole Global Coordinator"	Yue Xiu Securities Company Limited, a licenced corporation under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable at the sole discretion of the Overall Coordinator (for itself and on behalf of the International Underwriters) pursuant to which our Company may be required to allot and issue up to 2,760,000 H Shares at the Offer Price (representing 15% of the Offer Shares initially being offered under the Global Offering) to cover over-allocation in the International Offering, the details of which are described in "Underwriting" in this prospectus
"Partner Tech Group"	Partner Tech Corp., a company established in Taiwan, China with limited liability on 21 February 1990, whose shares are traded on the Emerging Stock Board of the Taipei Exchange (stock code: 3097), and its subsidiary(ies)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Posiflex Group"	Posiflex Technology, Inc., a company established in Taiwan, China with limited liability on 13 August 1984, whose shares listed on the Taiwan Stock Exchange Corporation (stock code: 8114), and its subsidiary(ies)
"PRC Company Law" or "Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	the Accounting Standards for Business Enterprises (企業會計準則) promulgated by the Ministry of Finance
"PRC government" or "State"	the central government of the PRC, including 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 Advisers"	Tenet & Partners, our legal advisers as to PRC Laws
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the respective investment agreement(s), the details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who invested in our Company prior to this initial public offering, the details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Price Determination Agreement"	the price determination agreement to be entered into between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on Friday, 6 June 2025 on which the Offer Price will be determined for the purposes of the Global Offering
"Raycloud Technology Group"	Hangzhou Taoyun Science and Technology Co., Ltd* (杭州淘雲科技有限公司), a company established in the PRC with limited liability on 26 September 2012 and Hangzhou Maijie Information Technology Co., Ltd.* (杭州麥杰信息技術有限公司), a company established in the PRC with limited liability on 18 October 2017, which are the subsidiaries of Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司), one of our Pre-IPO Investors, whose shares are listed on the Shanghai Stock Exchange (stock code: 688365)
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or our Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"Reporting Accountant"	PricewaterhouseCoopers, the auditor and reporting accountant of our Company

"RM"	Malaysian ringgit, the lawful currency of Malaysia
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rongda Zhiyuan"	Rongda Zhiyuan (Xiamen) Trading Co., Ltd.* (容大致遠廈門貿易有限公司), a limited liability company established in the PRC on 4 March 2021 and a direct wholly-owned subsidiary of our Company prior to its deregistration on 27 August 2021
"Rongda Zhongcheng"	Xiamen Rongda Zhongcheng Trading Co., Ltd.* (廈門容大眾成貿易有限公司), a limited liability company established in the PRC on 25 April 2021 and a direct wholly-owned subsidiary of our Company prior to its deregistration on 18 November 2021
"Rongta LiZhong"	Rongta LiZhong Trade Co., Ltd.* (容大利眾(廈門)貿易有限公司), a limited liability company established in the PRC on 4 March 2021 and an indirect wholly-owned subsidiary of our Company
"Rongta Trade"	Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司), formerly known as Xiamen Wanfang Tianxia Trading Co., Ltd.* (廈門市萬方天下貿易有限公司), a limited liability company established in the PRC on 15 December 2017 and a direct wholly-owned subsidiary of our Company
"Rongta (Malaysia)"	Rongta Technology (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 12 February 2025 and an indirect wholly-owned subsidiary of our Company
"Rongta (SG)"	Rongta Technology Pte. Ltd., a private company limited by shares incorporated in Singapore on 20 January 2025 and a direct wholly-owned subsidiary of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

"Severe Weather Signals"	a tropical cyclone warning signal number 8 or above; a black rainstorm warning; and/or extreme condition(s) caused by a super typhoon as announced by the government of Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
"Share(s)"	ordinary share(s) with par value RMB1.00 each in the share capital of our Company
"Shareholder(s)" or "our Shareholder(s)"	holder(s) of the Share(s)
"Shun Bai Group"	Shun Bai Electric (Xiamen) co., Ltd.* (廈門順百電子有限公司), a company established in the PRC with limited liability on 29 July 2013, together with its subsidiary Fuzhou Fushunfa Electronics Co., Ltd.* (福州福順發電子有限公司), a company established in the PRC with limited liability on 15 June 2021
"SOE(s)"	Chinese state-owned enterprise(s)
"Sole Sponsor"	Yue Xiu Capital Limited, a licenced corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities, being the sole sponsor to the Global Offering
"Stabilising Manager"	Yue Xiu Securities Company Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisors of our Company

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising FY2022, FY2023 and FY2024
"treasury Shares"	has the meaning ascribed to under the Listing Rules
"TWD"	New Taiwan dollars, the lawful currency of Taiwan, China
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"US dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Withdrawal Mechanism"	a mechanism which requires our Company, among other things, to (i) issue a supplemental prospectus as a result of material changes in the information (such as the Offer Price) in this prospectus; and (ii) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for Shares despite the changes)
"Xiamen Gaoli Hezhong"	Xiamen Gaoli Hezhong Investment Partnership Limited Partnership* (廈門高立合眾投資合夥企業(有限合夥)), formerly known as Xiamen Gaoli Hezhong Consulting Management Partnership Limited Partnership* (廈門高立合眾諮詢管理合夥企業(有限合夥)), a limited partnership established in the PRC on 17 November 2017, an employee shareholding platform and one of our Controlling Shareholders

"Xiamen Gaoli Zhongcheng"	Xiamen Gaoli Zhongcheng Investment Partnership Limited Partnership* (廈門高立眾成投資合夥企業(有限合夥)), a limited partnership established in the PRC on 20 November 2018, an employee shareholding platform and one of our Controlling Shareholders
"Xiamen Rongxin"	Xiamen Rongxin Investment Co., Ltd.* (廈門容信投資有限公司), formerly known as Xiamen Rongxin Management Consulting Co., Ltd.* (廈門容信管理諮詢有限公司), a limited liability company established in the PRC on 13 October 2017 and one of our Controlling Shareholders
"Xingbang Trade"	Xingbang Trade Co., Ltd.* (廈門市興邦聯合貿易有限公司), a limited liability company established in the PRC on 19 October 2015 and a direct wholly-owned subsidiary of our Company
"sq.m."	square metre(s)
"%"	per cent

In this prospectus, the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc. marked "" are translations of their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option.

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

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

"AI"	artificial intelligence
"AIDC"	automatic identification and data capture, a variety of technologies applied to automatically identify objects, collect data about them, and enter that data directly into computer systems without human intervention
"Bluetooth"	a short-range wireless technology standard for data exchange between fixed and mobiles devices over short distances
"CAGR"	compound annual growth rate
"ERP"	enterprise resource planning, an information technology system integrating internal and external information such as accounting, financial information, human resources management, inventory management and warehouse management to facilitate automation of business operations
"FeliCa"	a contactless RFID smart card system primarily used in electronic money cards
"FOB"	free on board, which means that the seller pays for transportation of the goods to the port of shipment as well as loading costs; the buyer pays cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination; and the passing of risks occurs when the goods are loaded on board at the port of shipment
"GB2828 standard"	a Chinese national standard that outlines the method for sampling and acceptance testing of attributes in a batch of products
"GPS"	global positioning system
"IC"	integrated circuit, an electronic circuit consisting of individual circuit elements and electronic components

"ISO"	acronym for International Organisation for Standardisation, a series of international standards, including quality management and quality assurance standards published by the Universal Certification Services Co., Ltd., a non-government organisation for assessing the quality system of business organisations
"MIFARE"	a series of integrated circuit (IC) chips used in contactless smart cards and proximity cards
"NFC"	near-field communication, a set of communication protocols that enables two electronic devices or one electronic device and an NFC tag to communicate with each other
"OBM"	original brand manufacturing, a type of manufacturing under which a company designs and markets products under its own brand name. Such manufacturer typically assumes full responsibility and control for the product, from design to manufacturing to marketing
"OCR"	optical character recognition
"ODM"	original design manufacturing, a type of manufacturing under which a manufacturer designs and manufactures products that are typically rebranded by another company for sale. The manufacturer typically does not simply rely on the designs or production blueprints provided by the brand owners. Instead, the manufacturer handles both the product design and development and the manufacturing process after receiving preliminary ideas from the customers, such as the intended and desired purposes, functions, and physical attributes of the products
"OEM"	original equipment manufacturing, a type of manufacturing under which a manufacturer produces parts or products that are then sold by another company under its own brand name. The manufacturer manufactures components or complete products primarily based on the specifications provided by the brand owner, who typically: (a) has control over the manufacturing process; (b) provides complete designs or detailed production blueprints to the manufacturers; (c) does not require any R&D or design input from the manufacturers; and (d) markets and sells the final products

"PCB"	printed circuit board, a board base for physically supporting and wiring the surface-mounted and socketed components in most electronics
"PCBA"	printed circuit board assembly, a printed circuit board populated with electronic components
"PDA"	personal digital assistant, a handheld electronic device that functions as a data terminal for users to collect data efficiently and achieve digital management of their businesses
"POS"	point of sale, the location where a transaction occurs
"QR code"	quick response code, a machine-readable optical label that contains information about the item to which it is attached
"R&D"	research and development
"RFID"	radio-frequency identification
"specialty printers"	a type of printing device designed to perform specific and niche tasks that require specialised printing capabilities and are not typically handled by standard, general-purpose printers
"Wi-Fi"	a wireless local area network certified by the Wi-Fi Alliance for wireless local area network products based on the IEEE 802.11 standards, and a common IoT communication protocol which is available in home and business environments

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as "expect", "believe", "plan", "intend", "estimate", "project", "potential", "anticipate", "seek", "may", "will", "would", "should" and "could" or similar words or statements, in particular, in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus, and the following:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group's operation and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general;
- general economic, market and business conditions in the PRC and the overseas;
- changes or volatility in foreign exchange rates;
- the products, actions and developments of our competitors;
- general political and economic conditions in the PRC and overseas;
- capital market developments;
- our ability to attract and retain customers;
- our ability to attract and retain qualified employees and key personnel;
- our ability to protect our brand, trademarks or other intellectual property rights;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- the future development and trends in our Group's industry; and
- risks identified under the section headed "Risk Factors" in this prospectus.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our Group's control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in "Risk Factors" in this prospectus.

An investment in our H Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our H Shares. If any of the circumstances or events described in this section actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

The following is a description of what we consider to be our material risks, some of which are beyond our control. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial position and results of operations.

There are certain risks and uncertainties involved in our business and operations, some of which are beyond our control. We have broadly categorised these risks and uncertainties into (i) risks relating to our business and industry; and (ii) risks relating to our H Shares and the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

A significant portion of our revenue is derived from international markets and we are therefore subject to any material adverse changes to these markets.

During the Track Record Period, a significant portion of our Group's revenue was generated from various overseas regions including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. For FY2022, FY2023 and FY2024, approximately 45.4%, 45.5% and 47.1% of our revenue, respectively are generated from the regions other than the PRC. Please refer to the section headed "Business – Sales and Marketing" in this prospectus for details. Our Directors anticipate that exports of our products to these overseas markets will continue to make up a significant portion of our revenue in the near future.

Given the above and our overseas sales, we are subject to various risks and uncertainties related to overseas sales, such as: (i) a global economic downturn in overseas markets that affects consumer confidence in general; (ii) fluctuations in foreign currencies' exchange rates, particularly RMB against USD; (iii) trade barriers, such as tariffs, taxes, trade bans, import controls, and other restrictions which may increase the cost of our products, affect their competitiveness in foreign markets, or even limit or prohibit our ability to sell in certain jurisdictions; (iv) higher costs associated with understanding overseas market trends and maintaining overseas marketing and sales activities; (v) our inability to maintain or enforce intellectual property rights in overseas jurisdictions; (vi) local economic, political, social, and labour instabilities; (vii) changes in foreign laws, regulations, requirements, trade, monetary or fiscal policies, and industry standards; (viii) natural disasters, acts of war, domestic or international terrorist attacks and hostilities, or other complications; (ix) difficulty in effectively enforcing contractual provisions in local jurisdictions; (x) potential disputes with foreign parties we work with; (xi) exposure to litigation or third-party claims outside of China; (xii) economic sanctions, trade restrictions, discrimination, protectionism, or unfavourable policies against Chinese companies; (xiii) the enforcement of anti-corruption and anti-bribery laws, such as the Foreign Corrupt Practices Act; (xiv) the impact of applicable local tax regimes, royalties, and other payment obligations owed to local governments, as well as potentially adverse tax consequences; (xv) disruptions to capital and trading markets; (xvi) restrictions on the transfer or repatriation of funds and foreign investments; and (xvii) concerns of local governments and regulators about our products and relevant management arrangements.

We cannot guarantee that the occurrence of these uncertainties would not affect a particular country, such as the United States, which could have a significant impact on other countries. Any occurrence of these uncertainties may materially adversely affect the continuity of our business, results of operations, and financial condition.

Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States.

Our overseas sales may be impacted by unfavourable changes in global trade policies and trade protectionism measures beyond our control, including the imposition of sanctions, trade barriers, and boycotts. The introduction of such measures in major markets such as Asia (excluding the PRC), Europe, and the United States could adversely affect international trade and our overall export volume and value. Our sales and financial performance may be negatively affected as a result. Additionally, trade protectionism may create financial market volatility, which may slow down economic activity in our major export markets and, consequently, negatively impact our business strategies and financial performance in those markets. We cannot guarantee that our products will not be subject to anti-dumping duties, or quota fees when exported to our major markets, including the United States.

For FY2022, FY2023 and FY2024, our sales to the United States amounted to RMB48.4 million, RMB38.1 million and RMB36.5 million, accounting for 12.3%, 10.9% and 10.4% of our total revenue, respectively. Taking into account the increasing trade frictions between the United States and China driven by a range of factors, including legislative actions, economic sanctions and executive orders, we cannot guarantee that future developments will not lead to restrictions on transactions and investments involving Chinese enterprises or impose additional costs on our sales to the United States. In February 2025, the United States government announced the imposition of a 10% tariff on imports from China, which was doubled to 20% in March 2025. On 2 April 2025, the United States government imposed a reciprocal tariff of 34% on imports from China. Such reciprocal tariff was subsequently raised to 84% and further revised to 125% on 8 April 2025 and 9 April 2025, respectively (the "**Additional Tariffs**"). On 12 May 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to, among others, (i) suspend the tariff duty of 24% for an initial period of 90 days; and (ii) remove all of the Additional Tariffs (the "**Joint**

Statement"). On 13 May 2025, the U.S. government issued an executive order to confirm and implement the modifications stated in the Joint Statement. As at the Latest Practicable Date, imports from China, including our printing equipment, scales, POS terminals and PDAs, to the United States were subject to a tariff rate of 30% on top of any other tariff and duties which had already been implemented before February 2025, and it remained uncertain how the Sino-U.S. and global trade tension will develop. During the Track Record Period, all tariffs were borne by our customers according to the agreed terms. Such additional tariffs could render our products less price competitive and adversely affect revenue derived from the United States. Any additional tariffs imposed by the United States government on our products could increase our customers' purchase costs and adversely affect our sales volume, profitability, and overall results of operations. The additional tariffs may affect the competitiveness of our products against our competitors outside China, in particular our competitors in the United States, which are not subject to the additional tariff imposed on export sales from China. If our customers in the United States reduce or stop placing purchase orders with us and we are unable to find alternative customers to place orders with us at similar quantities, prices, or at all, our business performance, financial condition, and results of operations may be adversely affected. There is no guarantee that there will not be further amendments or updates of the applicable tariff rates announced by the United States government against imports from China, or all tariffs will be borne by our customers. If there are additional tariffs imposed by the United States government or if we are required to bear the tariffs, our financial performance may be materially and adversely affected. Additionally, we cannot guarantee that we will be able to respond quickly to economic, market, or regulatory changes in the United States market, and any failure to do so may have an adverse effect on our business performance, financial condition, and results of operations.

The continuity of our business is reliant on our capacity to retain our Directors, Supervisors, senior management, and other key personnel, as well as attracting and recruiting new talented individuals.

Our future growth largely depends on the continuing contribution from, and our ability to retain, our Directors, Supervisors, senior management and key personnel. The expertise and experience of our senior management in our industry are crucial to our success. Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for details. Our success also depends on our key personnel with technical experience. We cannot assure you that the service of our Directors, Supervisors, senior management and key personnel will continue in the future. Should any of our current Directors, Supervisors, senior management or key personnel become unable or unwilling to work for us, we may incur additional expenses to recruit and retain suitable replacements. In the event that we are unable to recruit new talented individuals who have similar knowledge or experience, or if any of our Directors, Supervisors, senior management or key personnel joins our competitors or establishes a new company that becomes a competitor, our business may be adversely affected.

Our sustainable growth depends on our ability to effectively develop, manage and optimise our global sales network and customer relationships.

Our sustainable growth depends on our ability to effectively develop, manage and optimise our global sales network while fostering stable customer relationships worldwide. Ineffective development or management of our sales channels could lead to suboptimal sales performance, inefficiencies, and increased operational costs. For instance, failure to adequately support customers in need of our product customisation services may result in decreased orders and weakened business ties. Similarly, any deficiencies in promoting our brands "RONGTA" and "iMACHINE" might diminish brand recognition and customer loyalty, resulting in potential product obsolescence of our products. Furthermore, it requires continuous monitoring and adaptation to market trends, customer preferences and competitive landscape to optimise our global sales network. If we fail to effectively develop, manage and optimise our sales network or maintain strong relationships with our customers, our business, financial condition and results of operations could be adversely affected.

Failure to obtain or renew any or all of the licences, certificates and permits our business required could adversely affect our business, financial condition and results of operations.

We are required to maintain various licences, certificates and permits. We are also required to comply with applicable standards in relation to our production processes, in particular, our production base in the PRC is subject to annual product quality inspection by the regulatory authorities for compliance with the relevant laws and regulations in the PRC. If we fail to pass these inspections, or otherwise obtain or renew our licences, certificates and permits, it could lead to temporary or permanent suspension of some or all of our production activities which would adversely affect our business, financial condition and results of operations.

We are exposed to credit risks of our customers.

Our credit risk arises from default by our counterparties, primarily including our customers. We recorded trade and note receivables balance of RMB24.8 million, RMB60.8 million and RMB66.2 million as at 31 December 2022, 2023 and 2024, respectively. We normally grant our credit customers and distributors with a credit term of within four months and one month from the invoice date, respectively. Our major customers may default on their payment to us as a result of deteriorating financial condition or liquidity issues. As at 31 December 2022, 2023 and 2024, the allowance for impairment of trade receivables amounted to RMB0.5 million, RMB0.7 million and RMB0.4 million, respectively. We cannot guarantee that our customers would settle our outstanding trade balance on time, or at all. If our customers delay in settling the payments or default in making payments, our cash flow may be negatively affected, and our Group may have to make provision for impairment, write off the receivables, incur legal costs to recover the outstanding sum from our customers and/or seek alternative financing to maintain our operating cash flow so as to fulfil our business payment obligation, which may in turn have a material and adverse impact on our financial condition and results of operations.

We operate in a competitive market and may not be able to compete successfully against our existing and future competitors.

We continuously face competition in various aspects of our business. The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. As a major market in Asia Pacific, the PRC accounts for approximately 16.6% of the global market share of the global AIDC devices market in 2023, which is overall fragmented with more than 2,500 industry participants. We cannot assure you that we will be able to compete effectively or efficiently with current or future competitors. Our competitors may be able to develop products better accepted by the customers or may be able to respond more quickly and effectively to new opportunities and changing technologies, regulations and customers' needs. In addition, some of our competitors may quickly expand their existing customer base and sales network and adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, financial condition, and prospects may be materially and adversely impacted.

Unexpected disruptions to our production facilities and liability in connection with industrial accidents during our production process may adversely affect our business operations.

Our operations at our New Xiamen Base are subject to operational risks. These risks include but not limited to disruption of water or power supply and breakdown or malfunction of our machinery, which could result in delay, temporary suspension, permanent, partial or complete shut-downs of our production. In the event that our New Xiamen Base or our suppliers or customers is subject to the disruption of operations, water or electricity supply, we may (i) encounter material disruption or delay in the supply chain and delivery of raw materials to us by our suppliers; or (ii) be required to suspend or cease the production activities; or (iii) encounter substantial delay in delivery of our products to our customers, due to unavailability of transportation or otherwise, which in turn, may adversely affect our business and financial condition. If there is any increment in the electricity cost in the future, our production cost will be increased accordingly. In addition, as a result of disruption to our operations, our production volume and the utilisation rate of our production plants may be affected, which may result in a drop in our gross profit margin and profitability.

In addition, in the event of, globally, (i) natural disasters; (ii) political instability, riots, civil unrest and terrorist attacks; (iii) outbreak of infectious diseases; and (iv) other events that are beyond our control, we may incur substantial losses due to loss of revenue from disruption of production, and additional expenditure on repairs or replacement of our damaged equipment and machinery depending on the nature of the occurrence of the events. Further, the production capacity would be negatively affected and we may not deliver our products to our customers on time, which would impair our customers' confidence.

Moreover, as our production process involves the operation of tools, equipment and machinery, there is no assurance that no industrial accident, whether due to malfunctions of machinery or other reasons, resulting in injuries or even deaths will occur in the future. In such event, we may be liable for personal injury or death and monetary losses suffered by our employees, fines or penalties or other legal liability arising from violation of applicable laws and regulations. We may also be subject to disruptions to our business caused by equipment and/or equipment shutdown for investigation or implementation of safety measures. Our business, financial condition, results of operations may be materially and adversely affected.

Our business may be significantly affected by changes in the prices and availability of raw materials and consumables.

The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. During the Track Record Period, we also procured a limited amount of ICs from a supplier in Japan in the amount of RMB0.2 million in FY2023. Our cost of raw materials in relation to our production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively, and accounted for 82.7%, 82.6% and 84.6% of our total cost of sales for FY2022, FY2023 and FY2024, respectively. Thus, our operating results greatly depend on our ability to source quality raw materials and consumables at competitive prices. Prices of raw materials and consumables depend on a variety of factors beyond our control, including the global and PRC economy and related government policies and industry demand. For example, according to Frost and Sullivan, the prices of ICs and PCBs in the PRC increased at a CAGR of approximately 10.8% and 1.1% respectively during 2018 to 2023, and is expected to rise at a CAGR of 7.9% and 0.8% respectively during 2024 to 2028. We cannot guarantee that the price of our raw materials will remain at the current level and will not be in shortage. In addition, we may not be able to shift the increase in raw material costs to our customers in a timely manner or at all. Our financial results may be materially and adversely affected by the volatility in these costs. For a sensitivity analysis of the impact of fluctuations in our cost of raw materials, please refer to the section headed "Financial Information – Significant Factors Affecting Our Financial Condition and Results of Operations – Relationship with Our Suppliers and Cost of Raw Materials – Sensitivity Analysis" in this prospectus. Although our Directors consider that we have not previously experienced any material shortage in the supply of raw materials, should there be any shortage in the raw materials, the supply of our products and financial performance of our Group may be adversely affected.

Any prolonged labour shortage could materially and adversely affect our operations and financial results.

Some of our manufacturing processes are labour intensive. As at 31 December 2024, we had 607 employees in total, all of whom are based in the PRC. There is no assurance that we will be successful in retaining and recruiting suitable and qualified workers in sufficient numbers and in time for our existing and future manufacturing operations at reasonable costs or at all, and any prolonged shortage of labour could materially and adversely affect our operations and financial results.

We may experience inventories obsolescence if we fail to effectively manage our inventories.

Our inventories mainly consist of (i) raw materials; (ii) work-in-progress; and (iii) finished products. As at 31 December 2022, 2023 and 2024, we recorded provision for impairment of inventories of approximately RMB12.6 million, RMB13.4 million and RMB8.9 million respectively mainly due to obsolete stocks and slow-moving stocks. In particular, as at 31 December 2022, 2023 and 2024, our inventories amounted to approximately 35.2%, 37.8% and 35.6% of our total current assets respectively. Any failure to manage our inventories or accurately forecast the demand of our customers may result in obsolescence of our inventories, which in turn would adversely affect the result of our financial condition and results of operations.

We are exposed to foreign exchange risks.

Our Group's reporting currency is RMB. During the Track Record Period, a considerable portion of our revenue and some costs incurred by our Group in our business operation were denominated in foreign currencies including USD. Therefore, we are exposed to foreign exchange risks. Foreign exchange rate fluctuates from time to time and is affected by a number of factors, such as changes in the political and economic conditions in the relevant jurisdiction as well as the fiscal and foreign exchange policies prescribed by the local governments. Any significant fluctuations in the USD and RMB exchange rate could materially and adversely affect our results of operations. During the Track Record Period, we entered into foreign exchange forward contracts with banks in the PRC to manage our foreign exchange risks. We recorded net exchange gain of RMB3.3 million, RMB0.9 million and RMB2.1 million for FY2022, FY2023 and FY2024, respectively. There is no assurance that we may successfully mitigate our exposure to foreign currency fluctuations risks in the future. For further details on the sensitivity to a reasonably possible change in the USD and RMB exchange rate, please refer to the section headed "Financial Information – Market Risk and Risk Management – Foreign Currency Risk" in this prospectus.

We are therefore exposed to foreign currency risks and our profit margins may be adversely affected if we are unable to hedge foreign currency risk. Future movements in the USD and RMB exchange rate may adversely affect our financial condition and results of operations. To the extent we have entered into foreign exchange forward contracts and such management on foreign exchange exposure is not effective, our profit from sales may be eroded. Our exposure to foreign exchange fluctuations and movements in the USD and RMB exchange rate may adversely affect our results of operations and financial condition.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our financial condition and results of operations.

During the Track Record Period, we received various government grants from the government authorities. For FY2022, FY2023 and FY2024, such government grants amounted to RMB11.2 million, RMB6.7 million and RMB13.5 million, respectively, out of which RMB6.2 million, RMB6.3 million and RMB11.1 million were obtained or awarded in our ordinary and usual course of business. We were also entitled to preferential income tax treatments including but not limited to preferential corporate income tax rate of 15% for a period of three years due to the High and New Technology Enterprise accreditation of our Company in December 2020. The Company was granted with the renewed High and New Technology Enterprise accreditation in December 2023. The timing, amount and criteria of government grants and preferential tax treatments are determined by the relevant government authorities, and we do not have the ability to influence local governments in making these decisions. The discontinuation, reduction or delay of these government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatments that may become available to us in the future, and such failure may adversely affect our business, financial condition, results of operations and prospects. For details, please refer to note 8 to the Accountant's Report in Appendix I to this prospectus.

We rely on third-party logistics service providers and courier companies to deliver our products.

Since we do not have our own transportation team, we generally engage independent logistics service providers for the transport or delivery of our products to locations designated by our customers. Should the logistics service providers fail to comply with the transportation arrangements or any regulatory requirements, they may fail to transport or deliver our products to our customers in a timely manner or at all. Upon any failure by any of our existing logistics service providers to discharge their delivery obligations, we may not be able to find other suitable companies or agents as replacements on a timely basis, and our business, financial performance and operations may therefore be adversely and materially affected.

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

During the Track Record Period, certain of our customers settled their payments with us through third party payors (the "**Third Party Payment Arrangement(s)**"). For FY2022, FY2023 and FY2024, the revenue attributable to transactions subject to the Third Party Payment Arrangements accounted for approximately 3.5%, 4.2% and 2.3% of our total revenue for the corresponding periods, respectively. We have implemented various internal control measures to reduce the proportion of payments received from third party payors and to mitigate the relevant risks. For details, please refer to the section headed "Business – Third Party Payments."

We may be subject to various risks relating to such Third Party Payment Arrangements during the Track Record Period, including possible claims from third party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third party payors. In the event of any claims from third party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third party payments, we may have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

Failure to maintain an effective quality control system on the manufacturing of our products could harm our business.

We believe that the quality of our products is critical to the success of our business. However, there is no assurance that our products are entirely free from defects and that we are able to continue to maintain effective quality control on the manufacturing of our commercial and printing equipment in the future, which is determined by various factors, such as the adherence by our employees to the quality control measures and guidelines.

Consequently, any product defects identified by our customers or end users might erode our reputation and negatively affect our customer relationships and future business. Further, if our products could not meet the specifications and requirements requested by our customers, or if our defective or substandard products result in product returns, large-scale product recalls or customers suffering losses arising from product liability claims, our Group may be subject to product liability claims and other claims for compensation. Regardless of the outcome of any such claim, we may incur significant legal costs. Product failures or defects, any complaints from customers or negative publicity could lead to a decrease in sales of relevant and/or other products, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident fund for some of our employees as required by the relevant PRC laws and regulations. For FY2022, FY2023 and FY2024, the aggregate shortfall of social insurance and housing provident fund amounted to approximately RMB9.0 million, RMB9.5 million and RMB8.0 million. For details, please refer to the section headed "Business – Legal and Compliance – Legal Compliance" in this prospectus.

As advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations, (i) if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement.

We cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified deadline or impose a late payment fee on us, which may materially and adversely affect our financial condition and results of operations.

We are subject to R&D risks.

The AIDC devices and solutions industry is characterised by rapid technological innovation, evolving industry standard and changing client requirements. Accordingly, response to rapidly changing technologies and continual improvement of market know-how is the key competition focus. Our total R&D costs amounted to approximately RMB22.1 million, RMB20.9 million and RMB23.8 million for FY2022, FY2023 and FY2024, respectively, representing 6.0%, 6.6% and 7.4% of our total operating expenditure (excluding listing expenses) for the same periods, respectively. Out of the total R&D costs, approximately RMB7.7 million, RMB10.7 million and RMB8.5 million were capitalised as intangible assets for FY2022, FY2023 and FY2024, respectively, representing 2.1%, 3.4% and 2.6% of our total operating expenditure (excluding listing expenses) for the same periods, respectively. We are subject to the following associated R&D risks, including: (i) we may not be able to keep up with rapid changes in technology, industrial standard and customer requirements; (ii) our R&D plans and projects may not be successful or marketable; and (iii) we may be unable to develop and introduce new AIDC devices and solutions. If any of the above occurs, we may risk losing existing and potential customers and as a result, our business, results of operations and prospects could be adversely affected.

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

Research costs are recognised as an expense in the period in which it is incurred. Development costs that are directly attributable to the design and testing of identifiable systems and satisfied the criteria as set in the International Financial Reporting Standards are capitalised and will be amortised over the estimated useful life of the new systems once they are available for use. Our Group has applied the International Accounting Standards 38 ("**IAS 38**") issued by the International Accounting Standards Board which allow internally-generated intangible assets to be capitalised only if they meets the criteria as set out in IAS 38.

Certain development costs in relation to the development of various AIDC devices and solutions as incurred by us during the Track Record Period have been capitalised as intangible assets. For details, please refer to the section headed "Financial Information – Description of Selected Items of Consolidated Statements of Financial Position – Intangible Assets". Nevertheless, development costs that do not fulfil the criteria are recognised as expenses in the period in which it is incurred. If any future development costs do not meet the criteria as set out in IAS 38 and thus cannot be capitalised as intangible assets and are recognised as an expense, our financial results would be adversely affected.

As at 31 December 2024, we had intangible assets of RMB23.0 million which comprised capitalised development costs and computer software acquired. For details, please refer to note 16 to the Accountant's Report in Appendix I to this prospectus. If any of the capitalisation assumptions does not materialise, or if the performance of our business is not consistent with the assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For details of the impairment of our non-financial assets, please refer to note 40.7 to the Accountant's Report in Appendix I to this prospectus.

Our insurance policies may not be adequate to cover all risks of loss associated with our business operations.

We maintain different types of insurance policies, including employer's liability insurance and property insurance. Please refer to the section headed "Business – Insurance" in this prospectus for details.

There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of loss or liability for which we may be held liable. As a result, we may have to pay out of our own resources for any uninsured financial or other losses, damages and liabilities. In addition, we cannot guarantee that we can renew our policies on similar or other acceptable terms, or if at all. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

We may be exposed to risks of infringement in relations to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties.

The success of our business depends upon our ability to protect our intellectual property rights, technologies and knowhow that came into our possession for the production of our products, as well as our ability to protect our own brands. As at 31 December 2024, we had two brand names, namely "RONGTA" and "iMACHINE", which are material to our business. Our Group relies on patent laws, proprietary technology and contractual restrictions to protect our intellectual property. As at the Latest Practicable Date, our Group had a total of 52 trademarks, 4 domain names, 164 patents and 32 registered software copyrights in the PRC, which are material to our business. For the trademarks, patents and domain names we had obtained registrations as at the Latest Practicable Date, which we consider material to our business, please refer to the section headed "Statutory and General Information – B. Further Information about Our Business – 2. Our Material Intellectual Property Rights" in Appendix VII to this prospectus.

We cannot assure you that our measures intended to protect the above-mentioned intellectual property rights are sufficient in preventing any possible infringement by third parties. Our competitive position may be weakened if we fail to protect our intellectual property and other proprietary rights.

We cannot assure you that our products will not infringe any third party's intellectual property rights. We cannot assure you that third parties will not assert intellectual property claims against us during the course of our operations. Our business operation involves the production of customised products in accordance with the specifications provided by our customers, and we are unable to assure you that all such specifications do not infringe any third parties' intellectual property rights. During the Track Record Period, we were involved in civil proceedings in relation to an alleged infringement of trade secrets by our former employee. For details, please refer to the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus. The validity and scope of any claims often involve complex factual and legal issues and analysis, the outcomes are subject to uncertainty in matters including fact finding, legal proceedings, defence and time involved. The defence to such claims or related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our management. If our products are proved to have infringed any third party intellectual property rights, we may be required to compensate the owner of the intellectual property right for the damages suffered as a result of the infringement or to pay a fine for such infringement. There is no assurance that we will not face such claims in future. In such event, our business may be materially and adversely affected.

If our distributors are not able to operate successfully or we fail to maintain good relationships with our distributors, our business, financial condition and results of operations could be materially and adversely affected.

We sell a portion of our products through distributors. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. Although the majority of our revenue was generated from direct sales during the Track Record Period, we expect that sales to distributors will remain an important component of our sales channels.

Our distributors may not be able to market and sell our products successfully or maintain their competitiveness. If the sales volumes of our products to downstream customers are not maintained at a satisfactory level, our distributors may not place orders for new products with us, or they may reduce orders or request discounts on the purchase price. The loss of our distributors, or reduced orders from them, may adversely affect our access to downstream customers and our sales volume and revenue.

Any non-compliance with the distribution agreements by any of our distributors may disrupt our sales and affect our results of operations. We may also be liable for damages or fines due to defects or spoilage on the products marketed and sold by our distributors, which may have an adverse effect on our financial condition. If we fail to successfully maintain our relationships with our distributors or if our distributors fail to operate successfully, our ability to effectively sell our products could be negatively impacted. This could also negatively affect our corporate and product images, which could result in loss of customers and a decline in sales. In addition, distributors selling the same products may result in market overlaps, cannibalisation or even competition among these distributors. We cannot assure you that the expansion of our sales network will continue to be successful or will generate income as expected.

If the third party e-commerce platforms we make use of to sell our products are interrupted or if our cooperation with such platforms deteriorates, becomes more costly to maintain or is terminated, our business and results of operations may be adversely affected.

We utilise third party e-commerce platforms such as Tmall, Amazon, JD.com and Pinduoduo to increase our brand exposure and extend our reach to customers. For FY2022, FY2023 and FY2024, our revenue and gross profit from sales through e-commerce platforms amounted to RMB9.6 million, RMB11.6 million and RMB11.2 million, and RMB2.9 million, RMB4.4 million and RMB4.0 million, respectively, accounting for 2.4%, 3.3% and 3.2% of our total revenue, and 3.2%, 5.1% and 4.0% of our total gross profit during the respective years. We advertise our products domestically and internationally and accept purchase orders from customers through these third party e-commerce platforms. If (i) our relationship with such e-commerce platforms deteriorates, becomes more costly to maintain or is terminated, (ii) the operations or services of such e-commerce platforms are interrupted, (iii) such e-commerce platforms fail to provide satisfactory services and experience to the customers or to retain existing users or to attract new users, (iv) we fail to incentivise such e-commerce platforms to promote the sale of our products; or (v) such e-commerce platforms otherwise curtail or inhibit our ability to sell our products on their platforms, our ability to effectively sell our products through e-commerce platforms as well as our business, financial conditions and results of operations may be adversely affected. If any of the above occurs, we cannot assure you that we will be able to find alternative e-commerce platforms on similar or favourable terms, with comparable number of users and similar degree of website traffic in a timely manner, or at all.

We could be adversely affected as a result of sales in countries that are subject to evolving economic sanctions by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities.

As part of our international operations, we make direct sales to customers located in various countries and jurisdictions around the world. As part of our business strategy, we hope to continue to grow our international sales revenues, and expand the countries in which we make sales. This may require us to modify our risk and internal controls policies to assure that we continue to comply with the various laws and regulations applicable to doing business in such areas, including international sanctions laws, export controls and similar laws. Compliance with international sanctions laws and regulations could also limit our ability to expand our international sales as much as we would intend, and increase the compliance costs we incur to make sure that we do not violate any applicable regulations.

In recent years, international market conditions and the international regulatory environment have been increasingly affected by competition among countries and geopolitical friction. Changes to national trade or investment policies, treaties and tariffs, fluctuations in exchange rates or the perception that these changes could occur, could adversely affect our expansion into overseas markets. For example, commencing in February 2025, the U.S. government has announced increased tariffs on imports from various countries including, most significantly, China. U.S. tariffs on imports from China have escalated substantially, resulting in China imposing high retaliatory tariffs on imports from the United States. It remains unclear whether additional new tariffs will be imposed by the U.S. government on imported goods and, if so, at what level and for how long. Other effects of such actions, including retaliatory tariffs and responsive actions from other nations, as well as potential renegotiation of international trade agreements, remain unpredictable. The United States and other jurisdictions or organisations, including the European Union, the United Nations and Australia, have comprehensive or broad economic sanctions targeting sanctioned countries, or against industry sectors, groups of companies or persons, and/or organisations within such countries. These sanctions programmes are reviewed or amended by sanctions authorities from time to time, and new requirements or restrictions could come into effect which might increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions, or being sanctionable. If we were required to pay penalties as a result of any sanctions violations, or alter our business to prevent violation of sanctions rules or regulations, it could adversely impact our results of operations.

In addition, economic sanctions laws imposed by the United States, European Union, and other jurisdictions may expose us to potential compliance risks. Sanctions laws prohibit business in or with certain countries or governments, and with certain persons or entities that have been sanctioned by the United States, the European Union or other governments and international or regional organisations, such as the United Nations Security Council. During the Track Record Period, we sold printing equipment to a customer located in Iran, a country subject to comprehensive International Sanctions. For FY2022, FY2023 and FY2024, our sales to such Iran customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. For details, please refer to the section headed "Business – Business Activities with Region subject to International Sanctions" in this prospectus. Our intended international business growth could expose us to international sanction risks. It is possible that governmental authorities may in the future impose sanctions on us, particularly in the event that we fail to detect and, as appropriate, remediate such violations, and there can be no assurance that we can always be in compliance with all such sanctions laws in the future. We also cannot predict with certainty the interpretation or implementation of any sanctions laws or policies or their future changes. Any alleged violations of sanctions laws or engagement in sanctionable activities could adversely affect our reputation, business, results of operations and financial condition.

We are subject to risks relating to low utilisation rate of our production facilities.

During the Track Record Period, our products were manufactured in the Old Xiamen Base before the relocation of our production to the New Xiamen Base in March 2022. For FY2022, FY2023 and FY2024, our utilisation rates of production facilities were approximately 49.6%, 43.7% and 41.2%, respectively. Our actual production volume may vary depending on the demand for our products, which in turn may be affected by the market trend, customers' preferences or other factors beyond our control. If we are unable to increase the demand for our products and in turn increase the utilisation rates for our production facilities in the future, our business and profitability may be adversely affected.

The outbreak of any severe communicable disease, such as COVID-19, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus, if uncontrolled, could adversely affect our Group's results of operations.

The outbreak of any severe communicable disease such as COVID-19, Severe Acute Respiratory Syndrome ("**SARS**"), Middle East Respiratory Syndrome ("**MERS**"), H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus, if uncontrolled, could have an adverse effect on our Group's operations and the overall business sentiments and environment in our places of operation.

The unforeseen outbreak of health epidemics may have material and adverse effect on the overall living and economic conditions in the infected areas, as well as the business operations, supply chains, workforce availability across the world. Such epidemics and the responses and measures taken by the governments and society as a whole may present challenges to our business operations. These challenges include, but are not limited to, temporary suspension of work and quarantine order to restrict entry and exit of the countries which may adversely affect our ability to manufacture and deliver products to our customers.

We are uncertain as to whether there may be any unforeseen outbreak of health epidemics in the future, including the potential rebounding of the COVID-19. If such epidemics occur without being effectively controlled in the future, our business operation and financial performance may be materially and adversely affected as a result of factors such as the changes in the outlook of the consumption markets, slow down in economic growth and negative business sentiment, and any measures which may restrict the operations of our Company, our production bases, our major customers and suppliers. In addition, if in the future any of our employees are suspected of having been infected by such diseases, we may be required to quarantine such employees. We may also be required to disinfect the affected properties and thereby suffer a temporary suspension of our operations. Any suspension of our operations may materially and adversely affect our business operations and financial performance.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, customers, suppliers or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, customers, suppliers or any other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. We may be unable to prevent, detect or deter all such instances of misconduct committed by our employees, customers, suppliers or other third parties. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

Negative publicity or damage to our business reputation may have a potential adverse impact on our business.

We value and rely on our reputation to maintain and expand our businesses. Any negative publicity associated with us could result in loss of business. We conduct business with a number of counterparties, including customers, suppliers and distributors. If any of such counterparties are dissatisfied with us, and raises any complaint about us to the public, whether justified or not, our business, brand and reputation may be adversely affected, which will in turn adversely affect our results of operations and growth prospects.

We may experience failures in our information technology systems.

We rely, to a large extent, on our information technology systems for daily operations. In particular, we rely on our ERP system in different aspects of our operations, including contract management, safety and quality control, documentation management, production management, human resources and accounting and finance management. The ERP system also supports our key operation processes, including project management and procurement. Our operating efficiency and risk management practices have been enhanced by such information technology systems. However, we cannot assure you that any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires, natural disasters and other similar events relating to our information technology systems will not happen in the future. Additionally, restoring any damaged information technology systems may incur significant costs and require additional workforce. If any serious damage or significant interruption occurs, we may experience errors in the systems and our operations may be disrupted.

Changes in economic, political and social conditions could have a material adverse effect on our business and operations.

We are headquartered in China and our operations are primarily conducted in China. Accordingly, our business, financial condition and results of operations may be influenced by the economic, political and social conditions in China, and the Chinese economy, in turn, is affected by the global economy. Uncertainties in the global economy and the political environment around the world may also affect the Chinese economy. We cannot predict all of the risks to which we may be exposed as a result of the current economic and political environment and regulatory developments. These factors may be beyond our control and could have a material adverse effect on our business and operations and our financial results.

You may experience difficulties in effecting service of legal process and enforcing judgements against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Takeovers Code upon the Listing, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

We are subject to the currency exchange control system.

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

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

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

We are subject to periodic examinations on fulfilment of our tax obligation under the PRC tax laws and regulations by the relevant tax authorities. We cannot assure you that future examinations by such tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realised upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) (the "**IIT Law**") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on 13 May 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realised upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on 30 March 1998, from 1 January 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax. On 3 February 2013, the State Council approved and promulgated the Circular of the State Council Approving and Transferring Several Opinions of the Development and Reform Commission and Other Departments on Deepening the Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On 8 February 2013, the General Office of the State Council promulgated the Circular of the General Office of the State Council on the Division of Key Work on Deepening the Reform of the Income Distribution System (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to the two documents, the PRC government is planning to discontinue tax exemptions for dividends received by foreign individuals from foreign-invested enterprises, and the MOF and the SAT should be responsible for working out and implementing the details of the plan. However, the MOF and the SAT have not yet issued the relevant implementation rules or regulations. In view of these uncertainties, non-resident individual holders of our H Shares are reminded that they may be liable to pay PRC income tax on dividends and bonuses realised on H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realised by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC 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》) (Guo Shui Han [2008] No. 897) issued by SAT on 6 November 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

RISKS RELATING TO OUR H SHARES AND THE GLOBAL OFFERING

There has been no prior public market for our H Shares. Liquidity and market price of our H Shares may be volatile. If the price of our H Shares declines or fluctuates, this could result in substantial losses for investors purchasing our H Shares in the Global Offering.

Prior to the Global Offering, there has been no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of Global Offering. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop or, if it does develop, that it will be sustained.

In addition, the initial Offer Price for our H Shares to the public will be agreed by us and the Underwriters, and the Offer Price may differ significantly from the market price of the H Shares following this Global Offering. The trading price and trading volume of the H Shares may be subject to significant volatility as a result of various factors, including:

- variations in our operating results or differences between our operating results and those anticipated by investors and analysts;
- changes in securities analysts' estimates of our financial performance;
- announcements made by us or our competitors;
- regulatory developments or market changes across the globe affecting us or the industries in which we participate;
- any business interruptions resulting from natural disasters or accidents;

- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- announcements of or completions of acquisitions, strategic alliances or joint ventures by us or our competitors;
- additions to, or departure of, our key personnel;
- release or expiration of lock-up or other transfer restrictions on our Shares;
- liability claims brought against us;
- involvement in litigation; and
- general political, economic, financial, social development and stock market conditions and other factors.

Moreover, in recent years, stock markets in general, and the H shares issued by other issuers in the PRC and listed on the Stock Exchange, have both experienced price and volume fluctuations, some of which were unrelated or did not fully correspond with the operating performance of the relevant companies. These broad market and industry fluctuations may materially and adversely affect the market price of our H Shares in a similar manner.

Any further issue of Domestic Shares and subsequent conversion into H Shares in the future could dilute your shareholding under H Shares, increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

On 29 December 2017, the CSRC issued a press release in connection with the launch of the H share full circulation pilot project (H股全流通試點項目) (the "**Pilot Project**"). A participating company, which was a H share company listed on the Stock Exchange, in the Pilot Project would be allowed to convert certain of its domestic shares into H shares, which are eligible to be listed and traded on the Stock Exchange. On 15 November 2019, the CSRC announced to fully promote its "full circulation" reform of the H shares by covering both qualified H share companies already listed on the Stock Exchange and companies planning initial public offerings of the H shares on the Stock Exchange.

We have obtained the approval from the CSRC for the conversion of 76,333,000 Domestic Shares into H Shares, and the H Shares may be listed on the Stock Exchange upon completion of the conversion. Such conversion will increase the number of H Shares to 94,733,000 H Shares (assuming the Over-allotment Option is not exercised) and in the case that there is any further issue of Domestic Shares and subsequent conversion into H Shares in the future, your shareholding under the class of holders of our H Shares will be diluted. Further, according to the PRC Company Law, the Shares issued by our Company prior to the Global Offering are restricted from trading within one year from the Listing Date. Such restriction from trading will limit the number of H Shares tradable on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. Any future sales (after the expiration of the restrictions set out above) of Converted H Shares by relevant Shareholders in the public market may affect the market price of our H Shares.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Investors will pay a price per H Share that substantially exceeds the per H Share value of the tangible assets after subtracting the total liabilities and will therefore experience immediate dilution when they purchase the Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, investors purchasing Shares in the Global Offering would receive less than they paid for their Shares. Please refer to "Unaudited Pro Forma Financial Information" set out in Appendix II to this prospectus for further details.

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

Immediately following the completion of the Global Offering without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Controlling Shareholders will be entitled to exercise voting rights of 74.98% of the total issued share capital of our Company. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

Our historical dividends and dividend policy may not be indicative of our future dividend policy.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board may deem relevant, and subject to the approval at Shareholders' meeting. For details, please refer to the section headed "Financial Information – Dividend" in this prospectus.

We have not independently verified certain facts, forecasts and other statistics obtained from various government publications contained in this prospectus.

Some facts, statistics, and data in this prospectus are derived from official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. 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. While our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Controlling Shareholders, any of their or our Company's respective directors, officers or representatives, or any other person involved in the Global Offering. Hence, none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. In light of the possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them.

Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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

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

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 Listing Rules for the purpose of giving information with regard to us. Our Directors (including any proposed director who is named as such in this Prospectus), 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;

- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

CSRC FILING

We submitted the required filing documents with the CSRC on 24 April 2024. On 5 February 2025, the CSRC issued the notification on completion of the filing procedures for the Listing and the Global Offering.

As advised by our PRC Legal Advisers, no other approvals from the CSRC are required to be obtained for the Listing or the Global Offering.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of 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 it is correct as at any subsequent time.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering. The Listing is sponsored by the Sole Sponsor. 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 agreement on the Offer Price between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters). The International Offering is expected to be underwritten by the International Underwriters. The Global Offering is coordinated by the Overall Coordinator.

For further information about the Underwriters and the underwriting arrangements, please refer to "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Overall Coordinator (for itself and on behalf of the Underwriters) and us on Friday, 6 June 2025.

If, for any reason, the Overall Coordinator (for itself and on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on or before 12:00 noon on Friday, 6 June 2025 the Global Offering will not become unconditional and will lapse.

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 acquisition of Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction 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 authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF OUR H SHARES ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, H Shares to be issued pursuant to the Global Offering (including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers, agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares thereof; and

(d) authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

INFORMATION ON 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 authorised 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 authorised by our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of their respective directors, agents, employees, affiliates or advisors or any other party involved in the Global Offering. Please refer to "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares.

H SHARE REGISTER AND STAMP DUTY

All of our H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar. Our principal register of members will be maintained by us at our head office in China. Dealings in our H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in our H Shares. None of our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding, disposing of, or dealing in our H Shares or the exercise of any rights attaching to our H Shares.

PROCEDURE FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedure for application for the Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure and Conditions of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in "Structure and Conditions of the Global Offering" in this prospectus.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus should prevail. If there is any inconsistency between the Chinese names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

For exchange rate conversions throughout this prospectus, unless otherwise specified, or in respect of transactions that have occurred at historical exchange rates, all conversions from HK$ to US$ and RMB were made at the rate of US$1.00 to HK$7.8 and HK$1.0 to RMB0.9061.

We make no representations and none should be construed as being made, that any of the HK$, US$ or RMB contained in this prospectus could have been converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

For exchange rates translations throughout this prospectus (if any), we make no representations and none should be construed as being made, that any of the Hong Kong dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Given that (i) our Group's principal business and operations are located, managed and conducted in the PRC through our PRC operating subsidiaries; (ii) none of our executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong; and (iii) our executive Directors will continue to be based in the PRC after the Listing to manage our business, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rules 8.12 and 19A.15 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily residents in Hong Kong or to relocate its existing PRC based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular and effective communication with the Stock Exchange:

(i) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives of our Company are Mr. Xu Kaiming, our executive Director, chairman of the Board and our general manager, and Ms. Kwok Yin Ting, one of our joint company secretaries (the "**Authorised Representatives**"). Each of the Authorised Representatives will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of the Authorised Representatives is authorised to communicate on behalf of our Company with the Stock Exchange;

(ii) each of the Authorised Representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the Authorised Representatives and our Directors, we have provided the Stock Exchange with the respective office phone number, mobile phone number, facsimile number and email address of each Director and Authorised Representative. In the event that a Director expects to travel or is out of the office, he/she will provide the phone number of the place of his/her accommodation or other means of communication to the Authorised Representatives;

(iii) our Directors, who are not ordinarily resident in Hong Kong, possess or can apply for valid travel documents to visit Hong Kong and are able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice;

(iv) in compliance with Rules 3A.19 of the Listing Rules, we have appointed Yue Xiu Capital Limited as our compliance adviser (the "**Compliance Adviser**"), which has access at all times to our Authorised Representatives, Directors and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details. Our Authorised Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, the authorised representatives, our Directors and other officers and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Adviser informed of all communications and dealings between our Company and the Stock Exchange; and

(v) meetings between the Stock Exchange and our Directors could be arranged through our Authorised Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of our Authorised Representatives and/or the Compliance Adviser.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the 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); and

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

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

(i) length of employment with the issuer and other issuers and the roles he/she played;

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

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

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Hu Zunfa as one of the joint company secretaries. Mr. Hu has extensive experience in board, frame and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, thus may not be able to fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Kwok Yin Ting, a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Kwok will provide assistance to Mr. Hu for an initial period of three years from the Listing Date to enable Mr. Hu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

Both the Compliance Adviser and the Hong Kong legal advisers of our Company will assist Mr. Hu in relation to Hong Kong corporate governance practices and regulatory compliance, ongoing compliance obligations under the Listing Rules and the applicable laws and regulations as and when required. In addition, Mr. Hu will endeavour to attend relevant trainings and familiarise himself with the Listing Rules and duties required of a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that we engage Ms. Kwok, who possesses all the requisite qualifications under Rule 3.28 of the Listing Rules, to assist Mr. Hu in discharging his duties as a joint company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules. Such waiver can be revoked immediately if there are material breaches of the Listing Rules by our Company pursuant to Chapter 3.10 of the Guide for New Listing Applicants.

Before the expiration of the initial three-year period, the qualifications of Mr. Hu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. It is expected that Mr. Hu will be able to fulfil all the requirements stipulated at the end of the initial three-year period.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Xu Kaiming (許開明)	Room 1304 No. 115 Wutong West Road Huli District Xiamen, Fujian PRC	Chinese
Mr. Xu Kaihe (許開河)	Room 401 No. 78 Chang Qing Road Siming District Xiamen, Fujian PRC	Chinese
Ms. Lin Yanqin (林燕琴)	Room 801 No. 72 Changhao Yili Dianqian Street, Huli District Xiamen, Fujian PRC	Chinese
Independent non-executive Directors		
Dr. Lim Kim Huat (林駿華)	Room 1202 Capitol Centre 5–19 Jardine's Bazaar Causeway Bay Hong Kong	Malaysian
Dr. Yu Xiaoou (于小偶)	Room 602, Building 26 Haibin East District Xiamen University Siming District Xiamen, Fujian PRC	Chinese
Dr. Huang Liqin (黃立勤)	Room 404, Block 7 District C, Rongqiao Jinjiang Gulou District Fuzhou, Fujian PRC	Chinese

SUPERVISORS

Name	Residential address	Nationality
Ms. Chai Ling (柴菱)	Room 1402 Building 5 Zhongzhai Nanyuan Heshan Street Huli District Xiamen, Fujian PRC	Chinese
Mr. Jiang Jingtao (江靜濤)	Room 2A707 Haitou Shangshufang No. 176 Fulian Yili Xinyang Street Haicang District Xiamen, Fujian PRC	Chinese
Mr. Fu Jianfang (傅劍芳)	Room 1203 No.14 Meixiwuli Tong'an District Xiamen, Fujian PRC	Chinese

Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for further information on our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Yue Xiu Capital Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong

Overall Coordinator	**Yue Xiu Securities Company Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Sole Global Coordinator	**Yue Xiu Securities Company Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Joint Bookrunners and Joint Lead Managers	**Yue Xiu Securities Company Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong *(in alphabetical order)* **ABCI CAPITAL LIMITED** *(acting as Joint Bookrunner only)* 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong **ABCI SECURITIES COMPANY LIMITED** *(acting as Joint Lead Manager only)* 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong **BOCI Asia Limited** 26/F Bank of China Tower 1 Garden Road Central Hong Kong **CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong

CMBC Securities Company Limited
5/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Huafu International Securities Limited
Unit 2603–04, 26/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

Livermore Holdings Limited
Unit 1214A 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Patrons Securities Limited
Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

Zhongtai International Securities Limited
19 Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Advisers to our Company	*As to Hong Kong law* **Jingtian & Gongcheng LLP** Suites 3203–3207, 32/F. Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong
	As to the PRC law **Tenet & Partners** 16th–18th Floor CCRE Building-A 666 Xiahe Road Xiamen, PRC
	As to International Sanctions law **Stephen Peepels** 1st Floor, Meehan House 51 Tung Street Sheung Wan Hong Kong
	As to PRC litigation matters **Beijing Dacheng Law Offices, LLP (Fuzhou)** 37F–38F Sandi Centre 55–57 Zhenwu Road Taijiang District, Fuzhou city Fujian Province, PRC

Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **DeHeng Law Offices (Hong Kong) LLP** 28/F, Henley Building 5 Queen's Road Central Hong Kong Room 3507, 35/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong *As to the PRC law* **Zhong Lun Law Firm** 57/58/59/F, Tower A Ping An Finance Centre 5033 Yitian Road Futian District Shenzhen Guangdong Province PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Property valuer	**Peak Vision Appraisals Limited** Unit 702, 7th Floor Capital Centre No. 151 Gloucester Road Wanchai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 West Nanjing Road Shanghai, PRC

Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong
	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

Headquarters and Registered Office	Rongda Science and Technology Park No. 88 Tonghui South Road Tong'an District Xiamen, Fujian PRC
Principal Place of Business in Hong Kong	5/F Manulife Place 348 Kwun Tong Road Hong Kong
Company's Website	**https://www.rongtatech.cn/** *(Note: the information on this website does not form part of this prospectus)*
Joint Company Secretaries	Mr. Hu Zunfa Room 701 No. 114 Jinhaiwan Xinglin Wenda Erli Jimei District Xiamen, Fujian PRC Ms. Kwok Yin Ting 5/F, Manulife Place 348 Kwun Tong Road Hong Kong
Authorised Representatives	Mr. Xu Kaiming Room 1304 No. 115 Wutong West Road Huli District Xiamen, Fujian PRC Ms. Kwok Yin Ting 5/F, Manulife Place 348 Kwun Tong Road Hong Kong
Audit Committee	Dr. Yu Xiaoou *(Chairman)* Dr. Huang Liqin Dr. Lim Kim Huat

Remuneration Committee	Dr. Lim Kim Huat *(Chairman)* Mr. Xu Kaihe Dr. Yu Xiaoou
Nomination Committee	Dr. Huang Liqin *(Chairman)* Ms. Lin Yanqin Dr. Yu Xiaoou
Strategy Committee	Mr. Xu Kaiming *(Chairman)* Mr. Xu Kaihe Ms. Lin Yanqin Dr. Yu Xiaoou Dr. Huang Liqin
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Compliance Adviser	**Yue Xiu Capital Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Principal Banks	**Agricultural Bank of China Xiamen Wanda Sub-branch** 1270–1271# No. 4666 Xianyue Road Huli District Xiamen, Fujian PRC **China Merchants Bank Tongan Sub-branch** No.763 Huancheng West Road Tongan District Xiamen, Fujian PRC

The information and statistics presented in this section and other sections of this prospectus, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the PRC and Global AIDC devices and solutions market. The report prepared by Frost & Sullivan for us is referred to in this prospectus as Industry Report. We agreed to pay Frost & Sullivan a fee of RMB395,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence, and corporate strategy.

We have included certain information from the Industry Report in this prospectus because we believe this information facilitates an understanding of the global and PRC AIDC devices and solutions market for the prospective investors. The Industry Report includes information of the global and PRC AIDC devices and solutions market, as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the global and PRC AIDC devices and solutions market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the global and PRC AIDC devices and solutions market.

OVERVIEW OF GLOBAL AND PRC AIDC DEVICES AND SOLUTIONS MARKET

Definition and Classification

AIDC (Automatic Identification and Data Capture) refers to a variety of technologies applied to automatically identify objects, collect relevant data, and enter that data directly into computer systems without human intervention. AIDC systems are used to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time and labour, and corresponding human error.

Core AIDC technologies including barcode scanning and printing, smart cards and magnetic stripe cards, optical character recognition, RFID scanning and biometric systems are directly engaged in the process of reading or collecting data from items, individuals, or environments, and then capturing that data for further processing including printing. Further, printing systems and printing technology, particularly specialty printers, are used to generate machine-readable barcodes, labels, and other markers that are integral to the identification and tracking processes within AIDC workflows.

AIDC devices include devices capable of (i) generating machine-readable identifiers (e.g. barcodes, labels, and other markers) to enable identification and automated digital tracking; and/or (ii) automatically identifying objects, collecting relevant data, and entering that data directly into computer systems without human intervention and are categorised into (i) specialty printer, (ii) scale, (iii) point-of-sale terminal ("**POS terminal**"), (iv) personal digital assistants ("**PDAs**"), and (v) others such as barcode scanner, vehicle mount terminals, access control systems, electronic article surveillance systems and smart cabinets etc.

- ***Specialty printer*** refers to printing equipment designed for specific applications, which includes receipt printer, barcode and label printer and portable study printer. Specialty printers typically generate machine-readable identifiers, such as barcodes, labels, and other markers, that are integral to the identification and tracking processes within AIDC workflows. Without specialty printers to produce printed identifiers, the automated digital tracking and data collection processes fundamental to AIDC systems would be unfeasible. Unlike general-purpose printers, specialty printers are tailored for specific industry such as manufacturing, healthcare, education, and supply chain environments where precision, durability, and efficiency are critical and essential for identification and tracking. Receipt printer is a tool to facilitate and handle customer transactions through producing customers receipts and credit card slips and other related documents during a sales transaction at the point of sale and operation. They are commonly used in retail, manufacturing, shipping, and logistics industries to label products, packages, and shipments for tracking and inventory management purposes. Barcode and label printers come in various sizes and capacities. Major types of specialty printers include thermal, dot matrix and inkjet. Portable study printer leverages OCR technology, which involves automatic identification of student work. Specialty printer creates the identifiers and ensures that the data captured is standardised and in a form that can be universally read and understood by the AIDC devices.

- ***Scale*** is used in businesses or commercial settings to accurately measure the weight of goods or products being sold or purchased. Scale is generally used to automatically identify and collect data about objects, and in turn enter data directly into computer systems without human intervention.

- ***POS terminal*** is the system used to process sales transactions at a business. POS terminal typically includes hardware, such as a cash register or computer, and software that allows the business to process sales, manage inventory, and generate reports. Modern POS terminals often include features like barcode scanning, credit card processing, and customer relationship management tools and are adopted in business circumstances including but not limited to retail, hospitality and healthcare. Major types of POS terminal include terminal, mobile and tablet, and online. POS terminal often incorporate several AIDC technologies such as barcode scanners, RFID readers, and sometimes even biometric systems for employee authentication.

- ***PDAs*** are handheld electronic devices that function as a data terminal for customers to collect data efficiently and achieve digital management of their businesses. Similar to POS terminals, most of our PDAs also have Wi-Fi, Bluetooth and GPS support, and come with built-in printing capabilities, cameras for code scanning, and NFC readers. Our PDAs are commonly applied to logistics and delivery, warehouse inventory tracking, production and manufacturing, retail e-commerce, and store management. PDAs used in AIDC applications typically include barcode scanning or RFID reading capabilities, which are multifunctional devices that can handle both data processing and communication.

- ***Others***, such as: (i) barcode readers: devices that automatically read barcodes on items as they pass through a scanning zone, mainly adopted in retail shops and logistics settings; (ii) vehicle mount terminals: rugged devices attached to vehicles such as forklifts, trucks and warehouse vehicles, enabling operators to capture and access data on the move; (iii) access control systems: systems that use RFID, biometrics, and smart cards technologies, to manage entry to manage areas security; (iv) electronic article surveillance systems, used primarily in retail settings to detect and deter theft by recognising tags that are not deactivated or removed; and (v) smart cabinets: used in healthcare and other industries for managing inventory of high-value items through RFID technology in real-time.

Market size of Global AIDC Devices by Production Value

- The global AIDC Devices market by production value is driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, with the market size increasing from US$42.7 billion in 2018 to US$62.9 billion in 2023, at a CAGR of 8.1%. Increasing adoption of cashless payment systems and advancements in AI and machine learning are expected to drive the market. The global market size of AIDC Devices by production value is expected to rise at a CAGR of 10.9% from 2024 to 2028, reaching US$106.7 billion in 2028.

- The global PDAs market by production value experienced the highest CAGR of 16.3% from 2018 to 2023, among the AIDC devices segments, driven by the increasing adoption of smart devices, advancements in AI, and a growing demand for voice-activated technologies. As consumers are seeking automation solutions to streamline tasks and enhance productivity, the rise of the Internet of Things (IoT) creates more opportunities for PDAs to interact with connected devices. The global PDAs market by production value is expected to grow at a CAGR of 14.9% from 2024 to 2029.

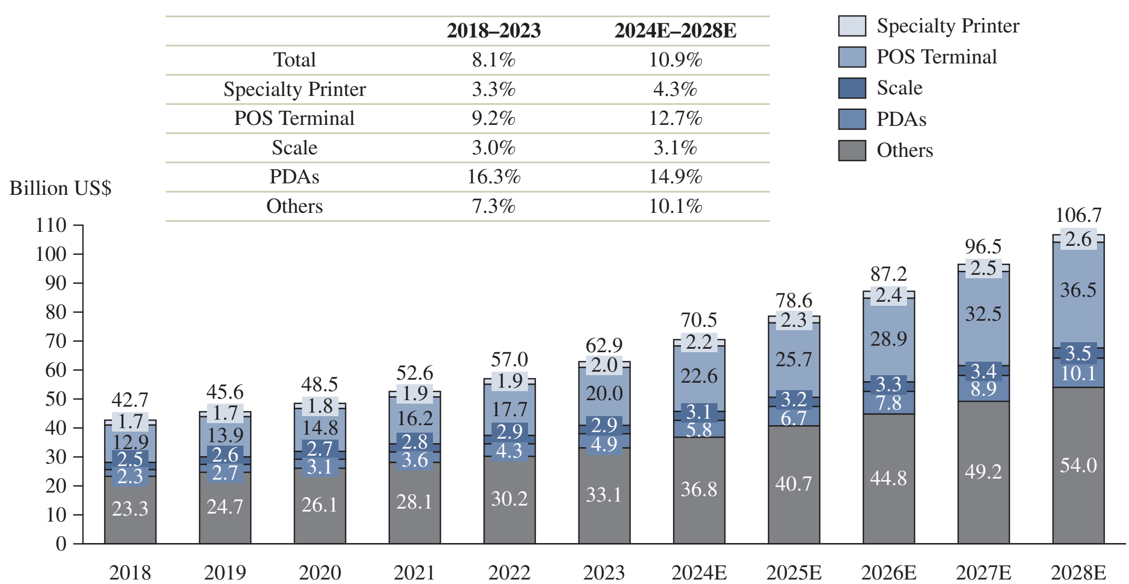
- The global market for POS terminals, measured by production value, recorded the growth at a CAGR of 9.2%, the second highest growth rate among the AIDC segments. The expansion of both physical retail and online shopping has escalated the demand for efficient and versatile POS systems. Technological advancements, including mobile POS, cloud-based solutions, and contactless payment technologies, are enhancing user experience and operational efficiency. The global market for POS terminals by production value is expected to rise at a CAGR of 12.7% from 2024 to 2028.

- As retailers seek to streamline their operations and improve the customer experience, the adoption of point-of-sale (POS) systems and mobile POS solutions is on the rise, which in turn increases the demand for specialty printer and scale, including receipt printers and commercial scale. The market size of specialty printer by production value increased from US$1.7 billion in 2018 to US$2.0 billion in 2023, at a CAGR of 3.3%. The market size of scale by production value recorded the growth from US$2.5 billion in 2018 to US$2.9 billion in 2023, at a CAGR of 3.0%.

- As specialty printers and scales are more often durable and have longer lifespans than PDAs and POS terminals, their replacement cycles are slower. Specialty printers and scales would only be upgraded if there is a significant improvement in functionality or a critical need for replacement, which lead to a slower growth rate of specialty printers and scale than PDAs and POS terminals. Advancements in printing technology, such as the development of thermal and inkjet printing and increasing use of online ordering and delivery would continue to serve as the driver to the market. The market size of specialty printer by production value is expected to reach US$2.6 billion in 2028, at a CAGR of 4.3% from 2024 to 2028. Innovations in automation, AI, and data analytics enhance operational efficiency and productivity of commercial scale. The market size of scale by production value is expected to rise at a CAGR of 3.1% from 2024 to 2029.

Market Size of AIDC Devices by Production Value (Global), 2018–2028E

	2018–2023	2024E–2028E
Total	8.1%	10.9%
Specialty Printer	3.3%	4.3%
POS Terminal	9.2%	12.7%
Scale	3.0%	3.1%
PDAs	16.3%	14.9%
Others	7.3%	10.1%



Note: Market size is derived basis (i) global export volume of retail devices, sourced from trade map (ii) the weighted average price, the penetration rate and the replacement cycle of various AIDC Devices in historical period, sourced from trade interviews and desk research on respective merchandises on e-commerce platform, and (iii) referenced, complied and cross-checking of information from other notable research agencies

Market size includes the sales of equipment, software development and associated services

Others include the remaining AIDC devices such as barcode scanner, vehicle mount terminals, access control systems and electronic article surveillance systems and others

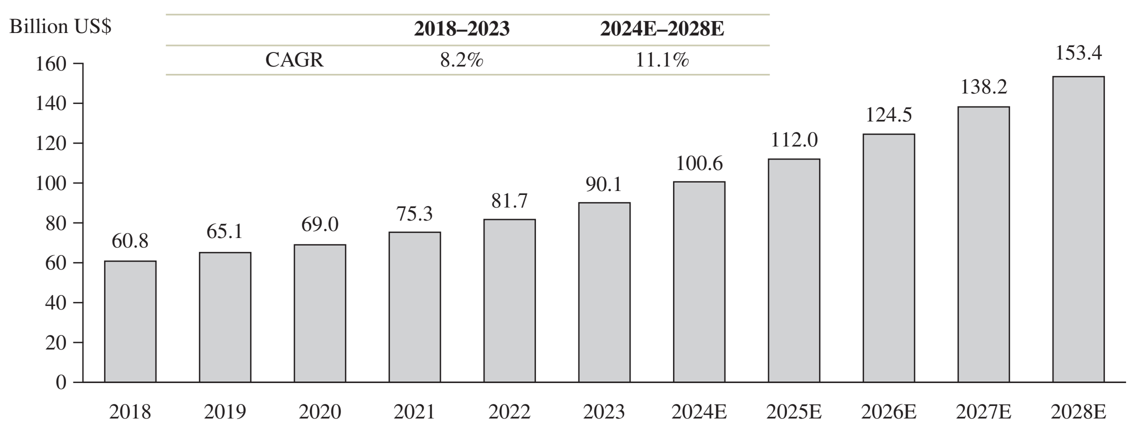
Only commercial scales are included in the market size.

Source: IMF, Trade Map, Frost & Sullivan

Market size of Global AIDC Devices by Sales Value

The market size of global AIDC devices and solutions by sales value increased from approximately US$60.8 billion in 2018 to approximately US$90.1 billion in 2023, at a CAGR of 8.2%. The market growth drivers include increase in demand for efficient automated retail solutions and the reduction of operation cost, as well as the increasing establishment of smart warehouses. With the recovery of global economic and sustained technology innovations, the market size of global AIDC devices and solutions by sales value is expected to reach approximately US$153.4 billion in 2028, at a CAGR of 11.1%.

Market Size of AIDC Devices and Solutions by Sales Value (Global), 2018–2028E



Notes:

1. Market size is derived basis (i) global export volume of retail devices, sourced from trade map (ii) the weighted average price, the penetration rate and the replacement cycle of various AIDC devices in historical period, sourced from trade interviews and desk research on respective merchandises on e-commerce platform, and (iii) referenced, complied and cross-checking of information from other notable research agencies, e.g. Statista.

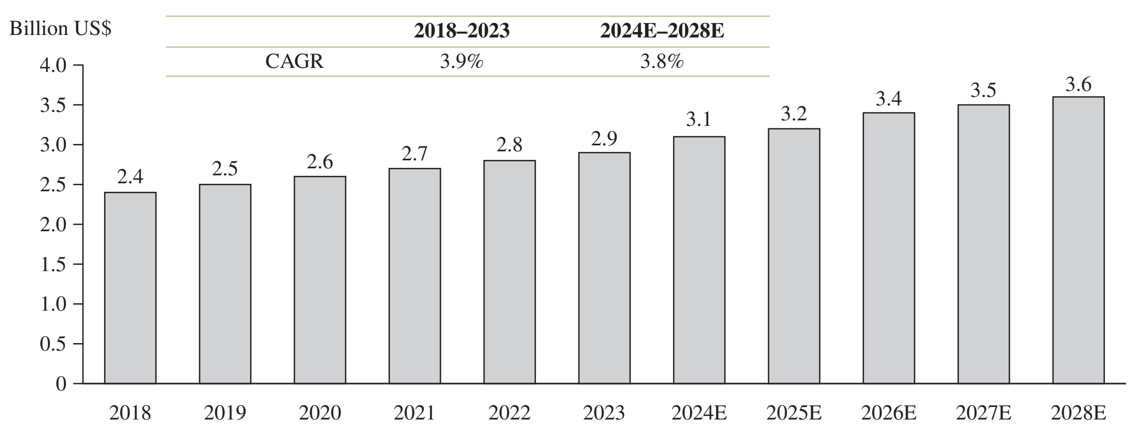
2. The market size include all application industries including but not limited to retail, educational, manufacturing, logistics and warehousing, healthcare, accommodation and catering etc.

Source: Trade Map, Frost & Sullivan

Market Size of Global Specialty Printers by Sales Value

The market size of global specialty printers by sales value increased from US$2.4 billion in 2018 to US$2.9 billion in 2023, representing a CAGR of 3.9%, primarily supported by growing demand from downstream industries, including retail, hospitality, healthcare, banking and entertainment. The increasing adoption of mobile payment systems and the need for efficient and reliable printing solutions in the retail, food and beverage, accommodation, travel and tourism and entertainment and recreation industries have contributed to the growth of the global specialty printer market. With the sustained growth of the retail industry, the market size of global specialty printers by sales value is expected to grow at a CAGR of 3.8% from 2024 to 2028.

Market Size of Specialty Printers by Sales Value (Global), 2018–2028E



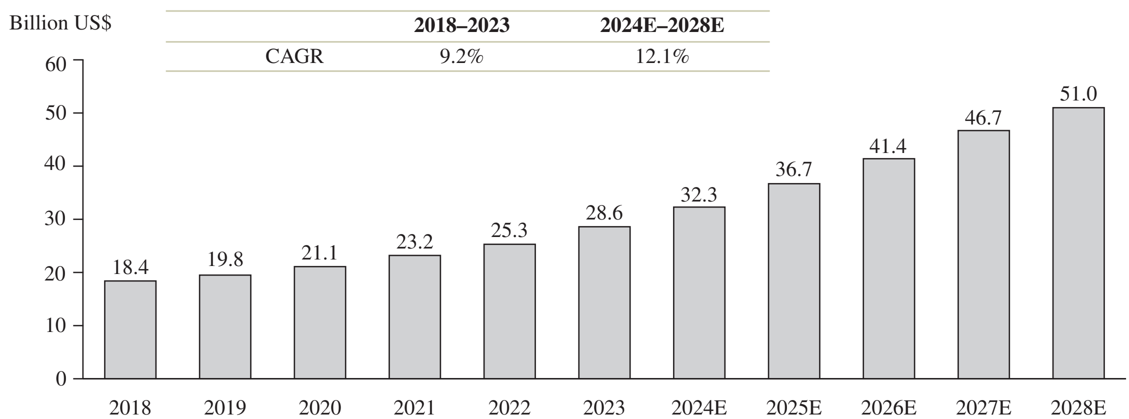
Source: Trade Map, Frost & Sullivan

Market Size of Global POS Terminals by Sales Value

The retail sector is a major user of POS terminals and the demand for these terminals are correlated to the growth of the retail industry. The shift from cash to digital payments, including credit/debit cards, mobile wallets, and contactless payments serve as a driver to the growth of POS terminals. The market size of POS terminals by sales value increased from US$18.4 billion in 2018 to US$28.6 billion in 2023, at a CAGR of 9.2%.

Advancements in payment technology, such as the development of contactless payment systems, are driving the demand for POS terminals that can accept a variety of payment methods, which increases the efficiency and speed of transactions, and improve the customer experience In addition, cloud-based POS solutions, the system that allows businesses to process sales transactions over the internet rather than relying on traditional, on-premises hardware, are becoming more popular, as they offer greater flexibility, scalability, and cost-efficiency than traditional on-premise systems. The market size of POS terminals by sales value is expected to be US$51.0 billion in 2028, at a CAGR of 12.1% from 2024 to 2028.

Market Size of POS Terminals by Sales Value (Global), 2018–2028E

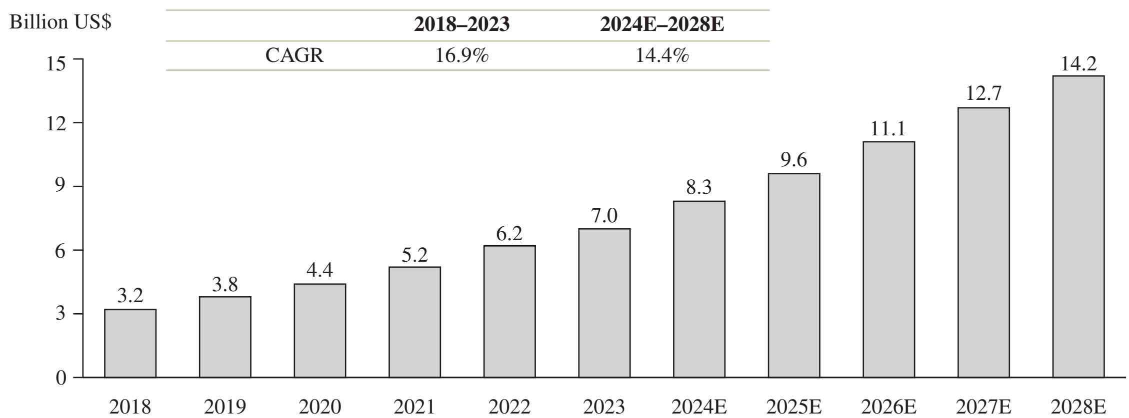


Source: Trade Map, Frost & Sullivan

Market Size of Global PDAs by Sales Value

The global market size of PDAs by sales value recorded the increase from US$3.2 billion in 2018 to US$7.0 billion in 2023, representing a CAGR of 16.9%. The growing adoption of smartphones, tablets, and wearable devices is driving demand for PDAs by creating a need for seamless integration and hands-free assistance. As users increasingly expect instant access to information and tools on the go, PDAs that offer real-time updates, voice activation, and personalised features become essential for enhancing productivity. This normalisation of digital assistance aligns with the mobile lifestyles of users, making PDAs indispensable for both personal and professional tasks. In particular, retailers strive to provide an enhanced customer experience, and PDAs play a crucial role in achieving this goal. PDAs equipped with features like barcode scanning, inventory management, and product information enable store associates to provide real-time assistance to customers, improving their shopping experience. PDAs also help reduce human error by providing automated reminders for tasks and deadlines, validating data entry to catch mistakes, and streamlining processes to ensure users follow structured workflows. The global market size of PDAs by sales value is expected to rise at a CAGR of 14.4% from 2024 to 2028.

Market Size of PDAs by Sales Value (Global), 2018–2028E



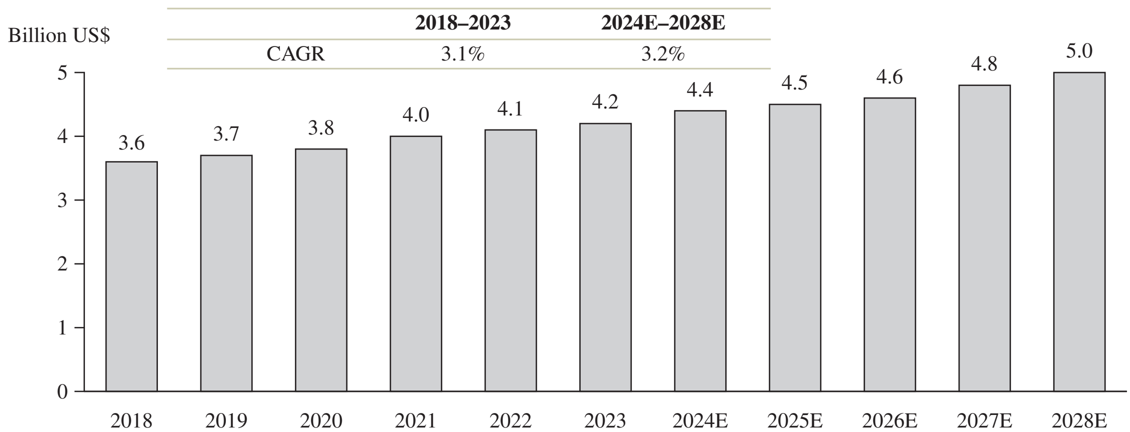
Source: Trade Map, Frost & Sullivan

Market Size of Global Scales by Sales Value

With precision and accuracy becoming increasingly important in a range of industries, including retail, food and beverage, and manufacturing, scales manufacturers continue to develop advanced solutions to deliver enhanced precision and accuracy, which drives the growth in the weighing scales industry. The market of scales by sales value increased from US$3.6 billion in 2018 to US$4.2 billion in 2023, at a CAGR of 3.1%.

Advancements in technology, such as the development of digital weighing scales that provide precise measurements with high-resolution displays and load cells, are enabling scales manufacturers to produce more advanced and efficient solutions. Load cells are critical components in weighing scales, converting mechanical force into an electrical signal for accurate measurement, and are used to measure batch ingredients in production processes and monitor weight on conveyors and track inventory. Benefited from the growth of the downstream industries, namely the retail industry, the market size of scales by sales value is expected to increase from US$4.4 billion in 2024 to US$5.0 billion in 2028, at a CAGR of 3.2%

Market Size of Scales by Sales Value (Global), 2018–2028E

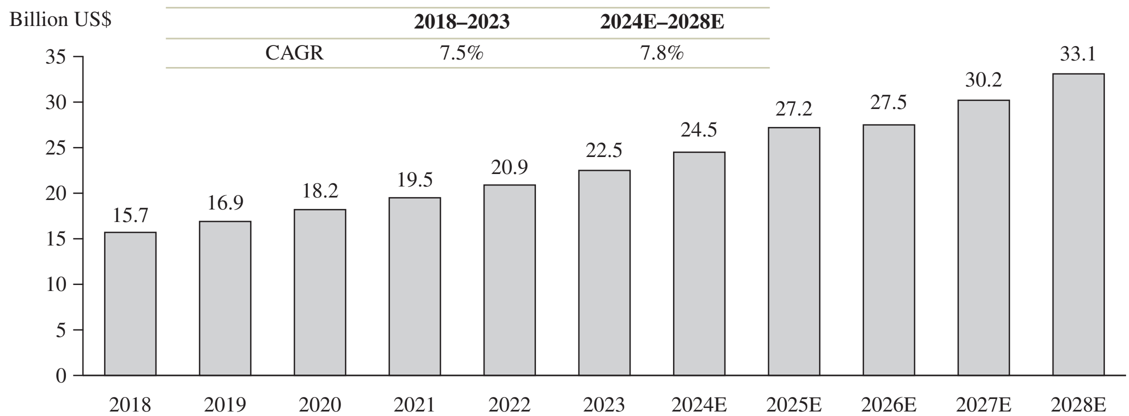


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in United States

- The market size of AIDC devices and solutions by sales value in United States increased from US$15.7 billion in 2018 to US$22.5 billion in 2023, at a CAGR of 7.5%. The AIDC devices and solutions market in the United States is rapidly expanding, driven by the increasing demand for automation and efficiency across various sectors, including retail, logistics, healthcare, and manufacturing. Technological advancements in RFID, barcode scanning, and data collection by mobile are also enhancing the effectiveness of AIDC devices and solutions, enabling real-time tracking and inventory management. The rise of e-commerce has further accelerated the adoption of AIDC technologies to streamline operations and improve customer service. The overall market outlook remains positive, with ongoing innovation and investment poised to drive significant growth in the coming years. The market size of AIDC devices and solutions by sales value in United States is expected to rise at a CAGR of 7.8% from 2024 to 2028.

Market Size of AIDC Devices and Solutions by Sales Value (United States), 2018–2028E

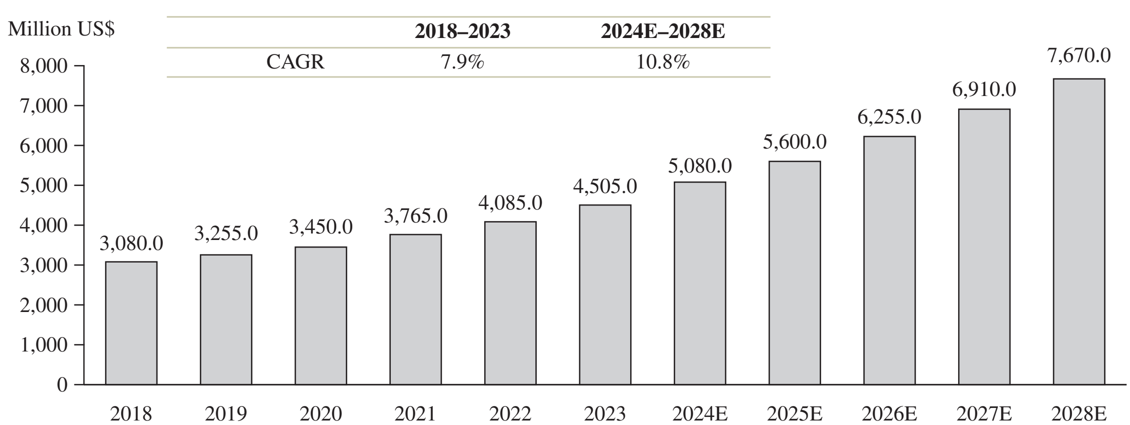


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in Germany

- The AIDC devices and solutions market in Germany witnessed steady growth from US$3,080.0 million in 2018 to US$4,505.0 million in 2023 at a CAGR of 7.9%, driven by the rising demand for optimised supply chains and regulatory compliance is propelling the adoption of AIDC technologies. The AIDC devices and solutions market in Germany is poised for further expansion as businesses continue to seek innovative solutions to improve productivity and accuracy. The market is expected to rise at a CAGR of 10.8% from 2024 to 2028, reaching US$7,670.0 million in 2028.

Market Size of AIDC Devices and Solutions by Sales Value (Germany), 2018–2028E

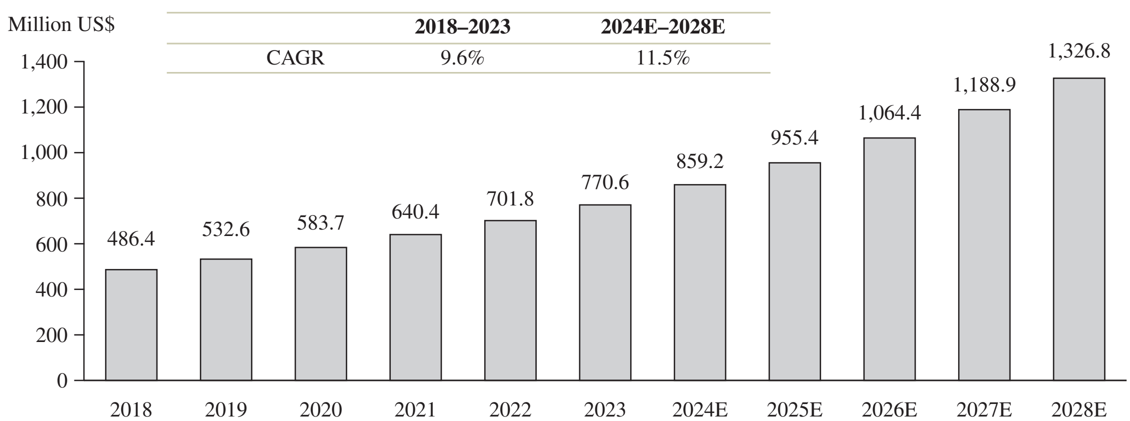


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in Singapore

- The AIDC devices and solutions market in Singapore experienced a rapid growth from US$486.4 million in 2018 to US$770.6 million in 2023, fueled by the country's strategic emphasis on technology adoption and innovation under initiatives, namely the Smart Nation programme. The rapid expansion of e-commerce further drives demand for efficient inventory management and order fulfilment solutions, while advancements in technologies like RFID and mobile scanning make AIDC systems more user-friendly. The AIDC devices and solutions market in Singapore is forecasted to rise at a CAGR of 11.5% from 2024 to 2028.

Market Size of AIDC Devices and Solutions by Sales Value (Singapore), 2018–2028E

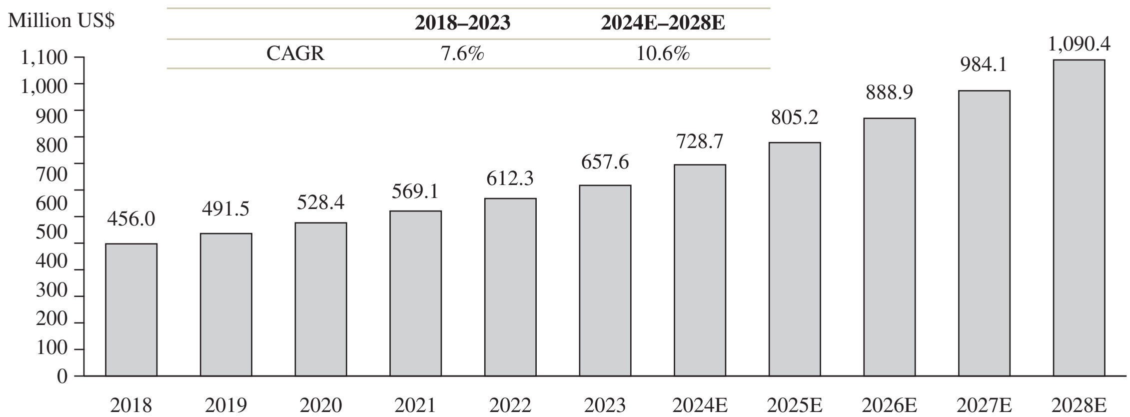


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in United Arab Emirates

- The AIDC devices and solutions market in the United Arab Emirates increased from US$456.0 million in 2018 to US$657.6 million in 2023, driven by the government's commitment to digital transformation and smart technology initiatives, such as UAE Vision 2021 and Smart Dubai. Advancements in RFID, barcode scanning, and mobile data capture technologies are making AIDC systems increasingly accessible. Overall, the AIDC devices and solutions market in United Arab Emirates is set for continued growth and rise at a CAGR of 10.6% from 2024 to 2028 as businesses embrace automation and real-time data capabilities.

Market Size of AIDC Devices and Solutions by Sales Value (United Arab Emirates), 2018–2028E



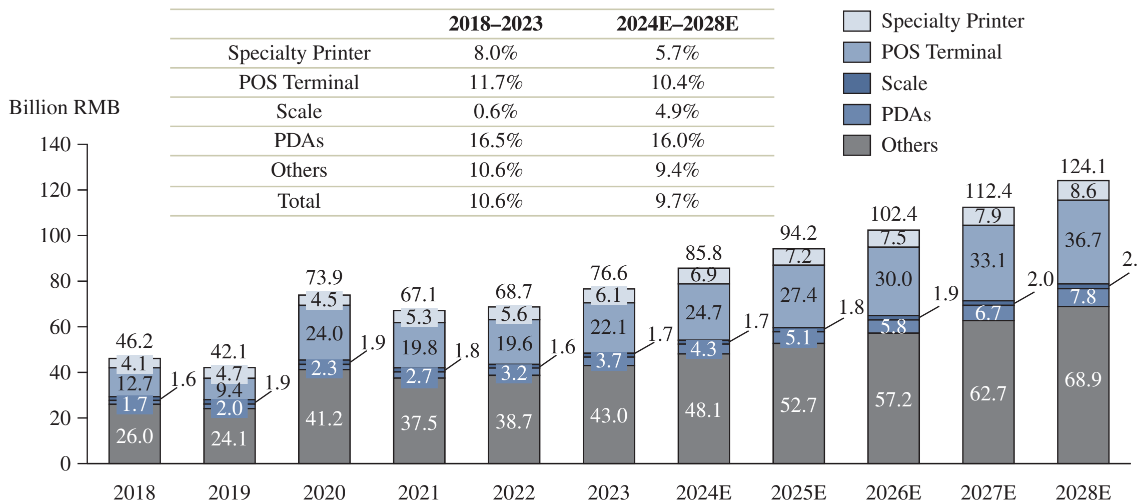
Source: Trade Map, Frost & Sullivan

Market size of AIDC Devices by Production Value in the PRC

- In line with the market size by retail value, the aggregated market size of AIDC Devices by production value in the PRC has risen from RMB46.2 billion in 2018 to RMB76.6 billion in 2023, representing a CAGR of approximately 10.6% during 2018 to 2023. The fluctuation in the market size of AIDC devices by production value in recent years can be attributed to the significant growth in the adoption and deployment of POS terminals that connect multiple components, devices, and platforms to create an integrated retail or payment ecosystem in the PRC. The surge, coupled with the growth in shipments of POS, which increased from RMB11.6 million in 2019 to RMB15.0 million in 2020, drove a notable boost in the AIDC device market in 2020. However, the market stabilised in 2021 and 2022 as the number of such POS terminals remained flat during these years, reflecting a temporary plateau in growth, which was due to the strong uptake of new POS terminals in 2020, satisfying near-term demand, and thereby leading to fewer businesses requiring new terminals following the significant expansion in prior years. Additionally, business owners were able to enhance their existing payment systems with new features or functionalities through software updates, rather than purchasing new POS terminals, further contributing to the stabilisation in shipments. Additionally, other AIDC devices benefited from the rapid growth of e-commerce and online shopping during the pandemic, with gross merchandise value of e-commerce increased at a year-on-year rate of 6.9% and 13.7% in 2020 and 2021, respectively. The COVID-19 pandemic significantly increased online shopping and drove demand for AIDC devices as barcode scanners and RFID tags are widely used for managing the surge in online orders, inventory tracking, and logistics. The demand for barcode readers and vehicle mount terminals increased due to the need for efficient inventory management and logistics optimisation in warehouses and distribution centres. Meanwhile, access control systems experienced growth as contactless solutions and real-time inventory tracking became essential in workplaces and healthcare settings.

- The discrepancy in production value and retail value over years are characterised by the degree of involvement of intermediaries including wholesalers and distributors, as well as the premium charged by wholesalers and distributors to clients. Going forward, it is expected that the aggregated market size of AIDC Devices by production value in the PRC will grow steadily at a CAGR of 9.7% during 2024 to 2028, attributable to the continuous downstream demand and developed supply chain in the PRC which contribute to a stable supply of AIDC devices. The slower forecasted CAGR is closely linked to the deceleration of related markets, such as e-commerce, which is expected to grow at a reduced CAGR of 11.6% during 2024 to 2028, as compared to 18.9% during 2018 to 2023, suggesting that the rapid growth experienced during the earlier period, driven by the pandemic-fueled surge in online shopping and logistics, is stabilising as the market matures. Additionally, fewer businesses are expected to upgrade their specialty printers in the coming years, as many of them already made significant upgrades between 2020 and 2022. During this period, the demand for specialty printers was driven by the adoption of advanced features, including enhanced printing speed, higher resolution capabilities, and improved connectivity options such as Wi-Fi and Bluetooth integration. Businesses also sought printers that supported multi-functional operations, such as printing, scanning, and labelling, to streamline their workflows. There was a notable pattern of upgrades among industries such as retail, logistics and warehousing, where high-capacity and durable specialty printers were adopted to accommodate the surge in e-commerce activities during and following the COVID-19 pandemic. Moreover, many businesses upgraded to specialty printers compatible with cloud-based software for real-time tracking and inventory management, ensuring seamless integration with their existing digital ecosystems. Such wave of upgrades was particularly prominent in urban areas and among large-scale enterprises, which were early adopters of these advanced technologies. As a result, the current market reflects a level of maturity, with fewer businesses requiring immediate upgrades in the near term. However, sectors like manufacturing and healthcare are expected to sustain demand, ensuring that the market remains on a stable upward trajectory despite the slower growth rate. In manufacturing sector, specialty printers are essential for labelling, traceability, and compliance, particularly in industries like automotive, electronics, and food production. The shift toward customised and small-batch production further drives demand for adaptable, on-demand printing solutions. In healthcare sector, specialty printers facilitate operation of medical institutions through accurate labelling of wristbands, prescriptions, and medical records while supporting regulatory compliance. The expansion of diagnostic labs and testing facilities has also fueled demand for precise labelling solutions. Sustainability initiatives, such as ecofriendly materials, also contribute to their growing relevance.

Market Size of AIDC Devices by Production Value (The PRC), 2018–2028E



Note: Market size is derived basis (i) the market size of retail sales value of AIDC devices and solutions, in accordance with the methodology set out in previous slides; and (ii) trade interview with industry experts in regard to the sales channel of AIDC devices, considering there are some products sold through direct sales model, while some are through intermediaries, it is concluded that the proportion of retail sales value to ex-factory sales value has been rising gradually in recent years, attributable to steadily grow of wholesalers and distributors, and premium charged by wholesalers and distributors to clients.

Market size includes the sales of equipment, software development and associated services.

Others include the remaining AIDC devices such as barcode scanner, vehicle mount terminals, access control systems and electronic article surveillance systems and others.

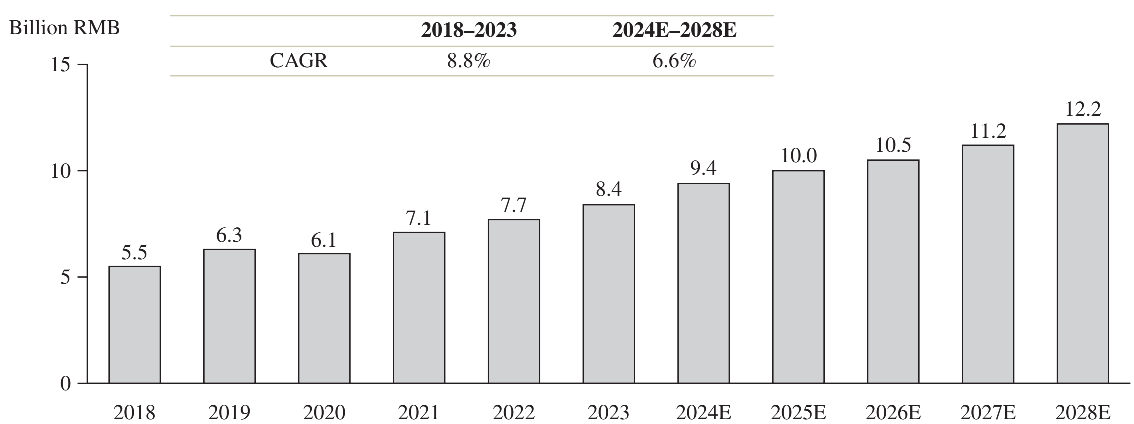
Only commercial scales are included in the market size.

Source: National Bureau of Statistics of China, People's Bank of China, Payment & Clearing Association of China, China Weighing Instrument Association, Frost & Sullivan

Market Size of Specialty Printer and Solutions in the PRC by Sales Value

The market growth of the specialty printer and solution market is highly associated with the growing disposable income and hence the retail sales in the PRC, the continuous adoption and penetration of specialty printers owing to thriving urbanisation and digitalisation, informalisation of retail stores, as well as the development of the logistics and warehousing industry and educational industry where receipt, barcode and label printing is required. The market size of specialty printer and solutions by sales value has grown from approximately RMB5.5 billion in 2018 to approximately RMB8.4 billion in 2023, representing a CAGR of approximately 8.8%. In 2020 particularly, the market size by sales value slightly declined due to the slight downturn of number of establishment in key industries, as well as the outbreak of the COVID-19 which led to reduced consumption in brick and mortar store and temporary stagnation in regard to logistics and warehousing services across the nation. Going forward, with the growing development of new retail, which converges digital and offline consumption experiences, the market size of specialty printer and solutions by sales value is expected to grow from approximately RMB9.4 billion in 2024 to approximately RMB12.2 billion in 2028, representing a CAGR of approximately 6.6% during 2024 to 2028.

Market Size of Specialty Printer and Solutions by Sales Value (The PRC), 2018–2028E



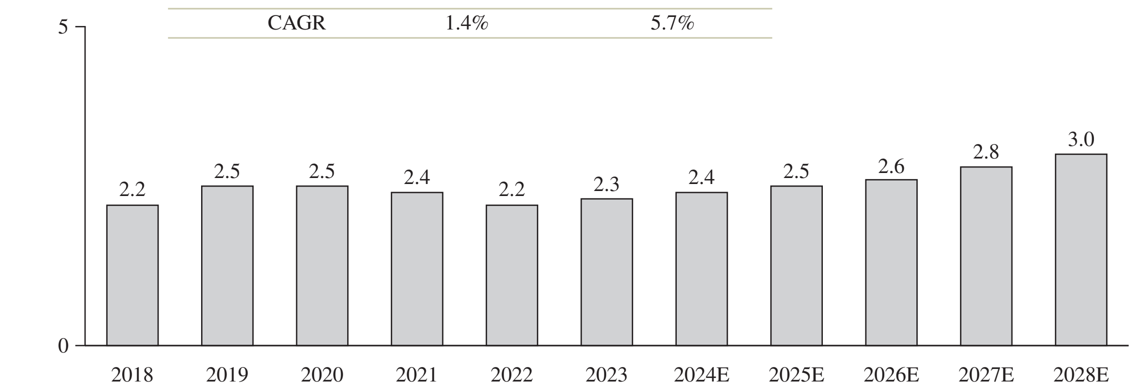
Source: National Bureau of Statistics of China, Frost & Sullivan

Market Size of Scales in the PRC by Sales Value

The market size of scales in the PRC has demonstrated steady growth, expanding from RMB2.2 billion in 2018 to RMB2.3 billion in 2023, representing a CAGR of approximately 1.4%. Despite temporary challenges from COVID-19 in 2020, the industry showed remarkable resilience. The industry's essential role in product packaging and retail pricing helped maintain demand, which is propelled by the continuous growth in the e-commerce sector and logistics industry in recent years. The sector's stability was further supported by the rapid digitalisation of commercial operations which integrates digital technologies such as Internet of Things (IoT), AI, big data and 5G to enhance efficiency in processing digital information in business operations, services and consumer experiences. This has led to the growing adoption of digital weighing solutions, such as AI scales that are capable of efficient capture of weight data and transmission of data to POS systems for faster and accurate printing of price labels. Looking ahead, by optimising supply chains and adapting to the new normal, the industry is expected to regain its momentum. Consequently, the market size by sales value is forecasted to rise to RMB3.0 billion by 2028, signalling a recovery with a CAGR of approximately 5.7% from the post-pandemic period onwards.

Market Size of Scales by Sales Value (The PRC), 2018–2028E

	2018–2023	2024E–2028E
CAGR	1.4%	5.7%



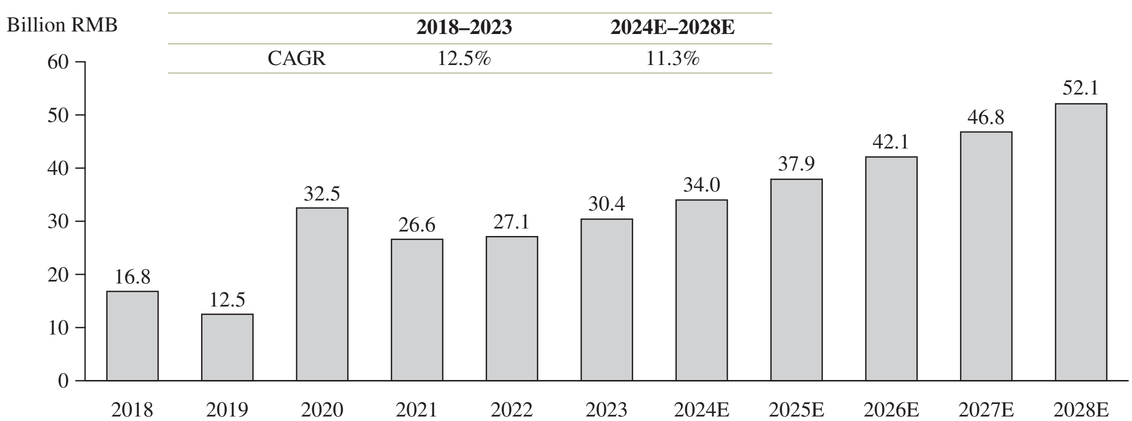
Source: National Bureau of Statistics of China, China Weighing Instrument Association, Frost & Sullivan

Only commercial scales are included in the market size.

Market Size of POS Terminals in the PRC by Sales Value

As the retail industry in China continues to expand and the government's push towards a cashless society, coupled with continuous technological development in expedite and convenient transaction through POS terminals, the market size of POS terminal in the PRC by sales value has increased from approximately RMB16.8 billion to approximately RMB30.4 billion during 2018 to 2023, representing a CAGR of approximately 12.5%. With growing urbanisation in the PRC, increasing from 59.6% in 2018 to 66.2% in 2023, and further expected to attain 72.3% in 2028, growing number of retailers are expected to adopt digitalised backend system including POS terminals, CRM and ERP system to manage inventory and transaction data. In turn, the market size of POS terminal in the PRC by sales value is expected to reach approximately RMB52.1 billion in 2028, representing a CAGR of approximately 11.3% during 2024 to 2028.

Market Size of POS Terminals by Sales Value (The PRC), 2018–2028E

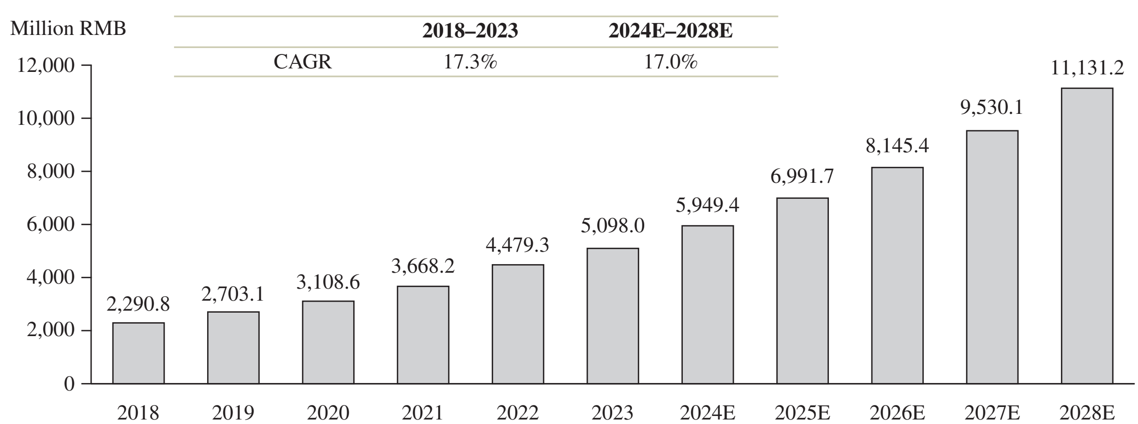


Source: National Bureau of Statistics of China, People's Bank of China, Payment & Clearing Association of China, Frost & Sullivan

Market Size of PDAs in the PRC by Sales Value

The market size of PDAs by sales value increased from RMB2,290.8 million in 2018 to RMB5,098.0 million in 2023, at a CAGR of approximately 17.3% from 2018 to 2023. There is a rapid increase in the adoption of PDAs in the retail industry as it offers various advantages, such as enhanced data collection, quick responses, and minimised dependency on customer support. In particular, PDAs provide data on inventory turnover, customer preferences, and sales trends. The market size of PDAs by sales value in the PRC is projected to grow from RMB5,949.4 million in 2024 to RMB11,131.2 million in 2028, exhibiting a CAGR of approximately 17.0% during the forecasted period of 2024 to 2028, primarily driven by the increased adoption of smartphones and the integration of advanced technologies in AIDC systems. The growth of the PDA market is highly associated with the growth of the logistics and warehousing industry as well as manufacturing and retail industry. The expected CAGR shows a slight decrease, which can be attributed to the maturation of digital adoption within these industries, with a significant portion of these sectors will have already integrated digital solutions into their operations, and the market for PDAs will be moving from a phase of high-growth adoption to one of sustained, incremental growth. While the potential for new entrants and the expansion of current users remains, the explosive growth spurred by initial digitalisation is expected to stabilise.

Market Size of PDAs by Sales Value (The PRC), 2018–2028E



Source: National Bureau of Statistics of China, Frost & Sullivan

Value Chain

The value chain of the AIDC devices and solutions market first involves the upstream raw material providers, including the manufacturers of plastic which are then forged into casting, metals which refers to the components and parts, electronic components such as integrated circuit boards, sensors, motors, display screen, as well as print head, ink or toner for some types of specialty printers and calibration weights for scale.

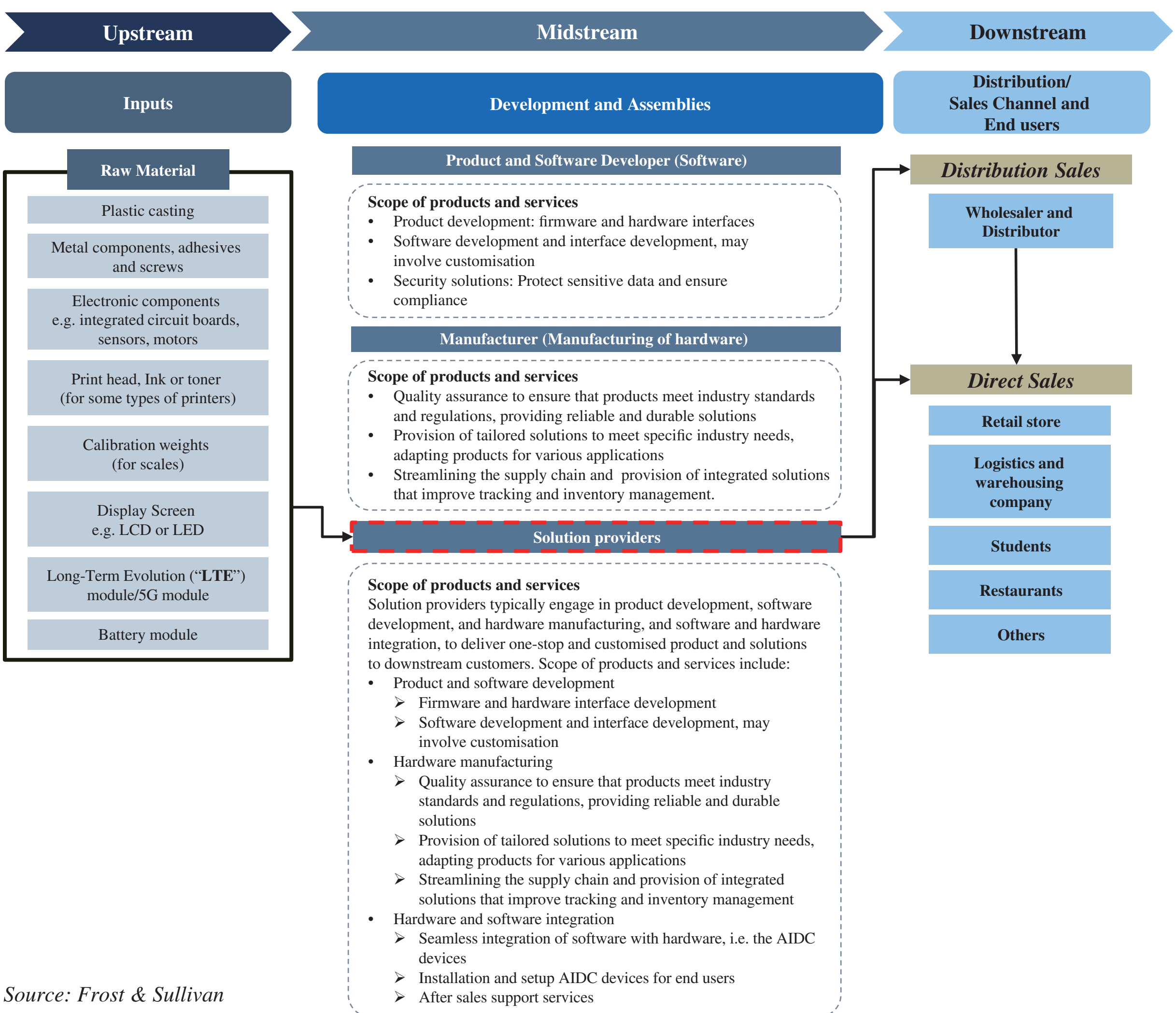
In the midstream of the value chain, collaboration between hardware manufacturers and software developers plays a critical role. Hardware manufacturers work closely with software developers to ensure seamless integration between physical components and advanced software solutions. The collaboration helps create devices that are not only functional but also capable of delivering enhanced performance through features such as real-time data processing, connectivity, and analysis. Product and software developers are deeply involved in product design and software development processes that enable these devices to meet the dynamic needs of the market. Their efforts are centred on enhancing product features and design to improve usability and performance, as well as developing advanced software solutions that elevate device functionality and enrich customer interaction. Through prototyping and rigorous iterative testing, R&D ensures that the products not only adhere to the highest standards of quality and reliability but also remain compliant with evolving regulatory standards. Moreover, they keep a keen eye on technological trends, allowing for timely adaptations that align with the future direction of the industry.

On the other hand, the raw materials from upstream are transported to midstream manufacturer and solution providers to be assembled and manufactured into a complete specialty printer, scale, POS terminal and PDA. This step includes design, development, prototyping, testing, mass production and final quality assurance. The Group is at the midstream of the value chain and is principally engaged in the product and software development, manufacturing and provision of solutions of AIDC devices including specialty printers, POS terminals, PDAs and scales. Once the products are manufactured, they are distributed to retailers, wholesalers, or directly to end-users. This step includes logistics and transportation of the products to the intended locations.

It is important to note that within the midstream segment of the value chain, there are companies including the Group that embody a dual role as both a product and software developer and a manufacturer and solution provider. Such organisations offer a one-stop solution by not only engaging in the development of innovative software and the design of sophisticated hardware but also overseeing the assembly and manufacturing of the finished products. The close integration between hardware manufacturers and software developers enables the delivery of devices that are highly optimised for specific use cases, such as retail point-of-sale systems, logistics tracking, and warehouse management. The ability to customise software for specific industries or operational needs ensures that AIDC devices are versatile and future-ready. Such integrated approach allows these companies to tightly control the quality, integration, and delivery of their AIDC devices and solutions.

Subsequently, the companies who engage in product and software development, manufacturing and provision of solutions offer various one-stop services to the downstream end-users including retail stores, logistics and warehousing companies and others, such as installation and setup, which includes configuring the software, connecting the hardware, and testing the system at the point-of-sale. The role of software extends to the downstream segment as well, where end-users benefit from features like real-time reporting, data analysis, and automated workflows, which enhance operational efficiency and decision-making capabilities. Engaging in the product and software development, manufacturing and provision of solutions, the Group is able to have seamless integration across the midstream value chain of AIDC devices and solutions, and provide one-stop and customised product and solutions to the downstream customers.

Value Chain of AIDC Devices and Solutions



Source: Frost & Sullivan

= Role of the Group

Key Growth Drivers

Increase in demand for efficient automated retail solutions – There has been a significant increase in demand for efficient automated retail solutions in recent years, driven by the growing popularity of online shopping and the need for retailers to streamline operations and reduce costs. AIDC Devices and solutions, such as vending machines, kiosks, and self-checkout systems are becoming increasingly common in a variety of retail stores. These solutions offer a number of benefits, including increased efficiency, reduced labour costs, and improved customer convenience. In addition to traditional automated retail solutions, new technologies such as artificial intelligence and machine learning are being incorporated with AIDC Devices and solutions to create more advanced solutions that can tailor the shopping experience to each individual customer. This includes personalised recommendations, targeted advertising, and consumption pattern prediction. Overall, the demand for efficient automated retail solutions is likely to continue to grow, which in turn drive AIDC Devices and solutions.

Reduction of operation cost – AIDC devices and solutions can significantly reduce operation costs for retailers. By automating the operation processes, retailers can save on labour costs and improve efficiency, resulting in increased profitability. For example, self-checkout systems equipped with smart POS terminals reduce the need for cashiers, which can save retailers a significant amount of money in labour costs. Additionally, retailers can use data from automated retail devices, such as specialty printer and POS terminals, to optimise inventory levels and reduce waste. Overall, the reduction of operation cost is one of the key benefits of AIDC devices and solutions for retailers. By implementing these solutions, retailers can improve profitability and remain competitive in a constantly evolving retail landscape.

Increasing establishment of smart manufacturing and warehouses – Smart warehouses are becoming increasingly popular in the retail industry. These warehouses use advanced technologies such as automation, robotics, and Internet of Things ("**IoT**") sensors to improve operational efficiency, reduce costs, and enhance inventory management. These technologies automate the tasks such as picking and packing, inventory management, and shipping, which can significantly reduce labour costs and improve efficiency. The use of sensors can track the location of products and monitor their condition, which can help retailers to identify potential issues such as expired or damaged products while the data collected help retailers to reduce transportation costs by optimising shipping routes and reducing the need for multiple trips. In 2022, the PRC Government promulgated the Development plan on smart manufacturing ("「十四五」智能製造發展規劃"), which outlined that by 2025, the majority of manufacturing enterprises shall achieve digitalisation, and the key industry players shall gradually integrate artificial intelligence into their production. It involves the concerted effort from the government, R&D companies and academia as well as industry players. Robotics, computer numerical controlled machineries are key technologies adopted by manufacturers of AIDC Devices as part of the strategic development of smart factories, with core benefits of improving production efficiency, ensuring product quality and achieving cost reduction. In addition, the adoption of predictive maintenance technology coupled with enterprise resources planning enabled manufacturers of AIDC Devices to closely monitor the inventory level and utilisation rate in an automatic manner.

Growing retail sales of consumer goods in the PRC – Increasing urbanisation and the growing economy have contributed to the rapid increase in demand for consumer products. Total retail revenue of consumption goods in the PRC rose from approximately RMB37,778.3 billion in 2018 to approximately RMB47,149.5 billion in 2023, representing a CAGR of 4.5%. The average per capita disposable income has surged from approximately RMB28,228 to approximately RMB39,218 during 2018 to 2023, representing a CAGR of approximately 6.8%. The National Development and Reform Commission of the PRC has promulgated The 14th Five-Year Plan Guideline on expanding domestic demand and fostering a sound domestic demand system (「十四五」擴大內需戰略實施方案) which maps out the implementation plan of boosting informatisation, urbanisation and circular consumption and propelling the development of domestic demand within the nation and hence for specialty printer and POS terminal. Particularly for POS terminal, the digitalisation of payment method such as the use of Wechat pay and Alipay in lieu of cash payment serve as a pivotal impetus to the deployment of POS terminal instead of physical cash register. Further, the PRC Government outlined in The 14th Five-Year Plan of National Informalisation Planning (「十四五」國家信息化規劃) regarding the importance of the acceleration of integration of digital technology and various industries, and making mobile payments widely available. The total transaction value of mobile payment in the PRC has risen from approximately RMB277.4 trillion in 2018 to approximately RMB555.3 trillion in 2023, representing a CAGR of approximately 14.9% during the period. Coupled with the evolvement of POS machines in terms of technology adopted behind, consumers and retailers are increasing adopting these machines in light of the affordability and accessibility in any application scenario. In turn, the total retail revenue of consumption goods in the PRC is expected to grow further in the future, which is expected to drive the demand for AIDC Devices in the PRC.

The Pivotal Role of AIDC Technologies in Digitalisation and Data Management in Various Industries – The accelerating drive towards digitalisation and effective data management in the medical sector and various other industries acts as a primary catalyst for the deployment of AIDC devices. Within medical and healthcare industry, the critical requirements for exact patient record-keeping, secure medication dispensing, and adherence to rigorous privacy regulations are driving the integration of specialised printers and PDAs. Similarly, in the hospitality industry, AIDC technologies such as mobile POS systems enable service providers to offer personalised, efficient service directly to guests, improving overall customer satisfaction. Furthermore, the growing field of industry such as event management is leveraging these devices for streamlined registration, attendee tracking, and access control, demonstrating the versatility and expanding utility of AIDC devices across various service-oriented sectors.

Continuous development of the education industry favouring portable study printer – Private education in China is experiencing significant growth, particularly among cram schools, online tutoring, and training institutions. To support this boom, educational companies are investing in high-quality teaching resources and incorporating advanced technologies into their operations. A notable innovation in this sector is the portable study printer, a device that is becoming increasingly relevant to the education industry. The portable study printer, with its compact and portable design, is tailored for educational settings, enabling students to print out study materials and problem sets in real-time and directly from their study spaces or classrooms. It facilitates immediate feedback on their work, allowing them to identify and correct errors on the spot, thereby enhancing their learning experience. The convenience of pocket-sized printers helps students to efficiently review mistakes and solidify their understanding of the subject matter. In turn, the portable study printer is expected to stands out as a practical tool that merges the physical and digital realms of learning, and such segment is poised to grow continuously.

Rapid development of the logistics, warehousing and e-commerce industry in the PRC – Specialty printers are widely adopted in the logistics and warehousing industry to print labels, receipts, and other documents related to inventory management. In 2022, the State Council of the PRC outlined the Modern Logistics Development Plan of the 14th Five-Year Plan (“十四五”現代物流發展規劃), which emphasis the acceleration of the construction of high-end standard warehouses and intelligent three-dimensional warehousing facilities (智能立體倉庫), which are advanced, space-efficient storage systems that utilise vertical space in addition to horizontal space and are characterised by the use of multi-level storage structures and automated systems, such as stacker cranes, conveyors, and automated guided vehicles, to efficiently store and retrieve goods. The initiative also aims to advance the intelligent transformation of logistics and warehousing by leveraging technologies like 5G, Beidou navigation, mobile Internet, big data, and artificial intelligence. In particular, specialty printer helps to streamline the shipping process, track inventory’s location and status within the warehouse or logistics facility, ensure precise and timely labelling and delivery, reduce manual errors involved, and ensure the integrity of the product delivered. Besides, scale are essential tools for logistics, warehousing and manufacturing industry to ensure the correct amount of goods are loaded, manage inventory levels, compliant with regulations, enforce quality control as well as determine the pricing scheme to be charged to customers. The logistics and warehousing industry in the PRC is thriving continuously, with the cargo throughput by the transportation means of air and ocean climbing steadily from approximately 51.5 billion tonnes to approximately 55.7 billion tonnes during 2018 to 2023, representing a CAGR of approximately 1.6%. As consumers are seeking faster and more efficient deliveries, major logistics and warehousing operators nowadays are making increasing investments in related specialty printing machines which will likely contribute to more efficient and responsive supply chains and greater productivity to the industry. Accordingly, the demand stem from the rapid development of the logistics and warehousing industry and e-commerce will continue to stimulate the AIDC devices and solutions market.

Market Trends and Opportunities

Rise of new retail – New retail refers to the integration of online and offline retail channels, as well as the use of advanced technologies such as big data and artificial intelligence to enhance the shopping experience. In 2020, the State Council of the PRC released measures in relation to developing new retail, which involves the improvement of the quality transaction process with innovative contactless model, promoting the integration of online and offline in terms of product delivery and business operation model of traditional services and the encouragement in adopting digital payment. Across the nation, brick-and-mortar stores are integrating digital upgrades such as transforming from cash payments or simple mobile phone POS setup to deploying POS terminal and specialty printers to offer a more convenient and efficient consumer experience and enhance operational productivity. Such demand is particularly seeing exponential growth especially in the second- and third-tier cities. The development of new retail in the PRC, driven by digitalisation, e-commerce growth, and consumer demand for personalisation, has transformed retail into an integrated customer experience. AIDC devices, such as POS terminals and PDAs feed real-time data into analytics systems to enable retailers to tailor promotions, optimise stock, and predict demand. Automation and connectivity of these devices support rapid order fulfillment, inventory updates, and payment processing, meeting the demand for speed and efficiency under the rise of new retail.

Big data analytics – Advanced information technology nowadays are elevating convenience of retailers and the deployment of AIDC devices are conducive to the overall digitisation and centralisation of valuable data. Subsequent to the use of POS terminal, specialty printers and scale, retailers are forming alliance with solution providers to evaluate the backend information of its customer, such as their demographics, locations, purchasing patterns, and preferences with a view to improving decision-making ability of the business. Supported by the backend analytic system such as customer relationship management and enterprise resources management system, businesses can make more informed decisions on which customers to pursue for added revenue, how sales teams are performing, how to service customers efficiently and appropriately. In turn, it is more likely for manufacturers of AIDC devices to offer one-stop services to provide the following analytics solution offerings.

Growing concerns over sustainability – With the growing concern for the environment, there are multiple eco-friendly related changes witnessed in recent years. For instance, barcode and other related labels are revamped by using sustainable materials that can be easily recycled or reused. Further, as advocated by the PRC government, more businesses are moving towards a circular economy, which implies that the markets would give incentives to reusing products, rather than scrapping them and then extracting new resources. POS receipts and barcode labels are useful tools to be used to track the lifecycle of products and materials, from production to disposal in order to ensure minimal waste. In regard to POS terminal and receipt printer, manufacturers are also targeting to assimilate sustainability by reducing the raw materials used and eliminating toxic substances, optimising the energy efficiency of printers and terminals and the recyclability of materials used.

Shift to 2D Barcodes – Global Standards 1, an organisation which develops and maintains barcode standards which are widely used in the world, is set to implement QR codes at POS systems by the end of 2027, under which the traditional barcodes will be phased out in favour of 2D barcodes (i.e. QR codes). This transition is an answer to supply chain demands and evolving consumer expectations, in which traditional barcodes prove insufficient. Because of this, businesses are turning to innovative technologies like QR codes, utilising their enhanced data capacity, interactive capabilities and robust security features to streamline operations and enhance end-user experience. In turn, the technology transition serve as a growing trend in AIDC market, creating opportunities for manufacturers of AIDC devices who develop AIDC devices that support the use of QR codes.

Market Challenges and Threats

Increased competition arising from rapid technological change – The AIDC devices and solutions industry is highlighted by rapid technological innovation, evolving industry standard and changing client requirements. Accordingly, response to rapidly changing technologies and continual improvement of market know-how is the key competition focus. Failure to catch up with industry trends would render the services to be obsolete and uncompetitive. Increased competition is seen in the AIDC devices and solutions industry in the PRC, especially when foreign companies specialised in the production of printers and POS terminals originated from Europe and Japan, including Company A and Company G, are gradually penetrating throughout the PRC market by leveraging their advantages in advanced R&D level, track record, established brand reputation as well as global sales network. The PRC-based players shall keep abreast of the market dynamics and offer customised, localised and specialised services to customer to secure competitive advantages.

Increasing cost of operations and disruption on supply chain – The rising operation costs, including labour cost, R&D cost and rental cost, along with the fierce price competition has added cost burden and affected the profitability of AIDC devices and solutions providers. In particular, the average monthly wage of professional technician in the PRC has increased from approximately RMB7,814.9 to approximately RMB11,173.8 during 2018 to 2023, representing a CAGR of approximately 7.4%. Further, the costs for production of AIDC devices is highly associated with the price of integrated circuit and printer circuit board, and the price of these two raw materials have increased at CAGRs of 10.8% and 1.1% respectively during 2018 to 2023. The disruption in supply chain owing to global events would lead to fluctuation in the price trend, coupled with rising labour cost would collectively adversely impact the cost of operation and delivery timeline of industry players.

Evolving regulatory regime in relation to privacy and data protection – The Personal Information Protection Law was passed by the Standing Committee of the National People's Congress on 20 August 2021 and was effective from 1 November 2021. It requires that the processing of personal information shall abide by the principles of legality, fairness, good faith, minimum necessity, openness and transparency. In the context of receipt, barcode, label printing and POS terminal where personal information might be embedded, businesses must ensure that any personal information collected from customers is collected and stored securely as it may contain sensitive information such as medical records or financial data.

Development Outlook of AIDC Technologies

Integration of advanced technologies such as Artificial Intelligence ("AI") and IoT

The integration of AI into AIDC systems is advancing the capabilities of supply chain management through concrete applications such as smart inventory management. For instance, RFID tags integrated with IoT enable real-time tracking of items across the supply chain, providing precise location data to warehouse management systems. Simultaneously, AI algorithms process this data to predict inventory needs, identify patterns, and optimise stock levels. In retail, this technology allows for innovative solutions like AI-enabled smart shelves that automatically detect when products are running low and need restocking, or when items are incorrectly shelved, prompting immediate corrective actions. The integration of AI and IoT not only streamlines inventory management but also enhances the customer shopping experience by ensuring product availability and enabling efficient store operations. Furthermore, machine learning algorithms can be adopted to continuously improve the accuracy and efficiency of AIDC systems by learning from patterns and making adjustments to operations autonomously. The symbiosis of AIDC with advanced technologies is propelling the automation of supply chain processes to new heights, fostering an era of innovation, precision, and speed in retail, logistics and inventory management.

Enablement of 5G technology improve AIDC efficiency and capability

The advent of 5G technology promises to significantly boost the performance of AIDC devices by offering faster data transfer rates, reduced latency, and increased reliability. The enhancement in connectivity ensures that AIDC devices can operate seamlessly in various environments, from bustling warehouses to remote outdoor locations. Mobile AIDC devices, such as handheld scanners and POS terminals and PDAs, are now being equipped with 5G capabilities, allowing for uninterrupted real-time data communication and access to cloud services, facilitating instant decision-making and streamlines logistics operations by providing workers with the ability to capture and share data on the go. The combination of high-speed connectivity and mobile form factors is transforming AIDC devices into indispensable tools for industries that require robust, always-on data capture solutions.

Adoption of wearable technology and enhanced user experience

As the market increasingly demands efficiency and ergonomic solutions, wearable AIDC devices such as smart glasses and wrist-mounted scanners, portable PDA are gaining traction. These devices allow workers to interact with data capture systems with more convenience, boosting task efficiency and promoting safer working conditions by enabling them to maintain awareness of their environment. Concurrently, the emphasis on user experience is driving innovation in device interfaces, with the development of more intuitive software and user-centred designs. The focus on ergonomics and ease of use not only mitigates user fatigue but also streamlines the learning curve, enhancing the overall operational workflow.

In the AIDC industry in China, it is common for manufacturers to provide customised and standardised products. The AIDC industry in China is competitive with a large number of manufacturers. The established market participants have extensive manufacturing capabilities and focus on innovation and product development. The Group is positioned as the manufacturer to provide both customised and standardised products in the AIDC industry in China, by placing emphasis on innovation and differentiation, fostering direct customer relationships that provide valuable insights for product development.

By the provision of standardised products, the Group benefits from cost competitiveness due to China's manufacturing capabilities, leveraging economies of scale and lower labour costs. The Group also gains access to advanced technologies, ensuring the incorporation of the latest innovations in AIDC, while taking advantage of efficient supply chain networks for timely production. The flexibility and scalability of production allow the Group to meet varying market demands effectively, enabling companies to focus on their core competencies.

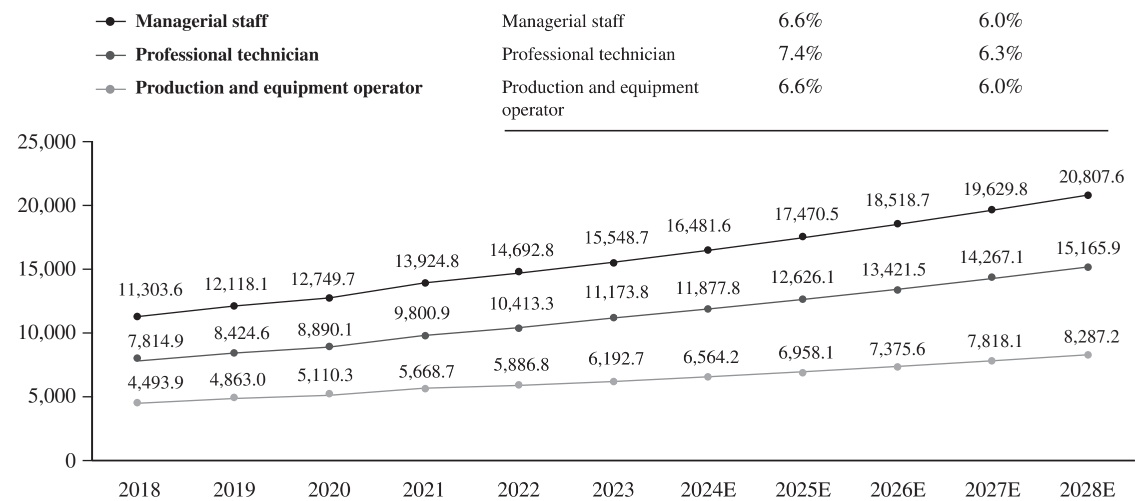
On the other hand, the provision of customised products allows the Group to establish strong brand identities by developing unique products that enhance competitive advantage and capture higher profit margins by selling directly to end-users. The Group gathers direct consumer insights to refine their offerings, invests in research and development for innovation, and explores various markets, broadening its reach and increasing sales opportunities. Together, these drivers enhance operational efficiency and profitability in the ADIC industry.

Cost Structure Analysis

From 2018 to 2023, the labour cost in the manufacturing industry in the PRC increased steadily. In particular, the average monthly wage of professional technician in the PRC has increased from approximately RMB7,814.9 to approximately RMB11,173.8 during 2018 to 2023, representing a CAGR of approximately 7.4%. The increasing labour cost is attributable to increasing demand of skillful labour equipped with skills such as knowledge on computerised management system, modelling analytical skills and proficiency in foreign languages. Going forward, the average monthly wage of employed persons in manufacturing industry, including production and equipment operator, professional technician and managerial staff are expected to grow at a slower trend at a CAGR of 6.0%, 6.3% and 6.0% respectively, owing to the increasing amount of labour entrants, resulting in a stable growth of wage. In terms of raw material cost, integrated circuit and printed circuit board are the essential raw materials for printed circuit board assembly (PCBA) which serve as the backbone of AIDC devices. The prices of these raw materials have increased at a CAGR of approximately 10.8% and 1.1% respectively during 2018 to 2023, and is expected to rise at a CAGR of 7.9% and 0.8% respectively during 2024 to 2028.

Average Monthly Salary of Employed Personnel in Manufacturing Industry in the PRC, 2018–2028E

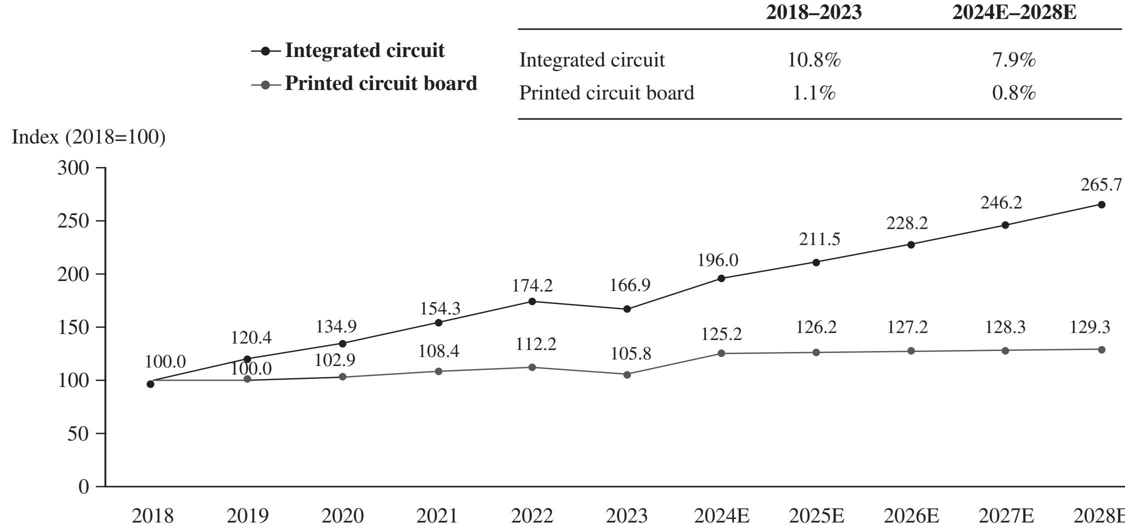
	2018–2023	2024E–2028E
Managerial staff	6.6%	6.0%
Professional technician	7.4%	6.3%
Production and equipment operator	6.6%	6.0%



Source: National Bureau of Statistics of China, Frost & Sullivan

Price Index of Major Raw Material Cost of AIDC Devices in the PRC, 2018–2028E

	2018–2023	2024E–2028E
Integrated circuit	10.8%	7.9%
Printed circuit board	1.1%	0.8%



Source: National Bureau of Statistics of China, Trade Map, Frost & Sullivan

Average Annual Salary of Employed Personnel by Occupation in Manufacturing Industry in the PRC, Fujian Province and the Group's Employees in FY2023

	Professional and technical personnel[1] *(RMB)*	Manufacturing and related personnel *(RMB)*
The PRC	134,086	74,312
Fujian Province[2]	119,103	71,748
The Group	156,963	73,875

Notes:

1. Professional technician as defined in the National Bureau of Statistics of China refers to scientific researchers, engineering and technical personnel, agricultural technical personnel, aviation and marine technical personnel, healthcare professionals, economic and professional professionals, legal, social and religious professionals, educators, professionals in literature, arts and sports, professionals in journalism, publishing and cultural fields and other professional and technical personnel.

2. Fujian Provincial Bureau of Statistics has yet to release the information regarding the average annual salary of employed persons by industry category and occupation for FY2023, the information above refers to the average annual salary of employed persons by industry category and occupation for FY2022 and is for reference only.

Source: National Bureau of Statistics of China & Fujian Provincial Bureau of Statistics

According to the "Corporate Compensation Survey Information for FY2023" published by the National Bureau of Statistics of China, it is noted that: (i) the annual salary for engineering and technical personnel in the PRC ranged from RMB39,600 to RMB182,300; and (ii) the annual salary for other professional and technical personnel in the PRC ranged from RMB37,500 to RMB185,400.

According to the "Corporate Compensation Survey Information for FY2023" published by Fujian Provincial Bureau of Statistics, it is noted that: (i) the annual salary for engineering and technical personnel in Fujian province ranged from RMB41,000 to RMB149,000; and (ii) the annual salary for other professional and technical personnel in Fujian province ranged from RMB44,700 to RMB157,000.

Our Directors are of the view that the level of salary for our R&D and technical staff and employees involved in manufacturing is reasonable compared to the prevailing market rates.

COMPETITIVE LANDSCAPE

The global AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including POS terminals, PDAs, specialty printers, and scales, in terms of business and product model development. The fast growth of the retail industry and the constant advancement of digital technology in recent years are driving up demand for AIDC devices in the APAC region. Simultaneously, numerous device makers and shipments from these countries, including the PRC, Japan, etc., are expanding, giving the region a higher market share in the worldwide AIDC devices market.

As a major market in Asia Pacific, the PRC accounts for approximately 16.6% of the global market share of the global AIDC devices market in 2023, which is overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain.

The specialty printer market in the PRC is relatively competitive with more than 300 industrial enterprises above designated size participated. The top ten players contributed to 28.0% of the entire market in terms of revenue. The Group ranked the 9th with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, the Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share.

Ranking and Market Share of Leading Specialty Printer Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company A	711.8	8.5%
2	Company B	233.2	2.8%
3	Company C	219.5	2.6%
4	Company D	199.0	2.4%
5	Company E	184.0	2.2%
6	Company F	180.3	2.1%
7	Company G	166.3	2.0%
8	Company H	165.2	2.0%
9	The Group	153.8	1.8%
10	Company I	138.9	1.7%
	Top ten subtotal	2,351.4	28.0%
	Others	6,048.6	72.0%
	Total revenue of Specialty Printer in the PRC	8,400.0	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including “printer”; registered capital of “More than RMB10 million”; status of “Active”, and “Industrial enterprises above designated size”, i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company A is a Nasdaq-listed computer peripherals manufacturer headquartered in Illinois, United States, with a market capitalisation of USD16.8 billion. Its Asset Intelligence and Tracking segment mainly offers ticket and barcode label printers, RFID smart label printers, fixed RFID readers, and infrastructure. Besides, it provides mobile computing, data capture, fixed industrial scanning, workflow optimisation solutions, and related services under its Enterprise Visibility and Mobility, which is a system focused on managing mobile devices, wireless networks, and other mobile computing services in a business context. Company A operates in over 170 countries and regions.

   Company B is a system printing solution manufacturing company based in Fujian province, the PRC, with expertise covering the manufacturing of POS printing, mobile printing, barcode label printing, photo printers, scanning devices, and the development of intelligent application software, multi-platform drivers, and embedded applications. Company B provides products to more than 80 countries worldwide.

   Company C is a subsidiary of a SZSE-listed company based in Shenzhen, the PRC, with a market capitalisation of RMB4.5 billion. The company is primarily engaged in the design, development, production, and distribution of smart data and payment terminals, PDAs, and specialty printers, in addition to the provision of related system solutions and cloud solutions.

   Company D is a professional printer R&D, manufacturing, and solution provider with sales headquarters in Guangdong province, the PRC, Germany and Singapore. Company D has developed its brands to provide micro printers, self-service printing devices, label printers, barcode printers, portable printers, smart card printers, etc, for customers in the globe.

   Company E is a SZSE-listed company based in Shandong province, the PRC, with a market capitalisation of RMB5.2 billion. Company E is primarily engaged in R&D, production, sales, and services of specialty printers and related products, offering competitive and intelligent products, operation services, and scenario-based solutions for global clients, including receipt/log printers, barcode/label printers, and embedded printers, etc. Its sales network is spread across 40 countries and regions worldwide.

   Company F is a TWSE-listed company based in Taiwan, China, with a market capitalisation of TWD10.3 billion, mainly offers a wide range of barcode label printing solutions to clients worldwide, including portable, desktop, industrial and enterprise barcode label printers, RFID printers, integrated barcode verification and inspection systems, etc.

   Company G is a TYO-listed electronics manufacturer of printers and imaging equipment based in Japan with a market capitalisation of JPY951.8 billion. Company G provides primarily inkjet, dot matrix, and laser printers, scanners, POS docket printers, and cash registers, etc, with a global footprint in excess of 175 countries.

   Company H is a Guangdong-based printer enterprise integrating R&D, production, sales and service, mainly engaging in thermal ticket printers, barcode printers, pin printers and related core components products, with business covering more than 150 countries and regions worldwide.

   Company I is a digital label management solutions service provider based in Fujian province, the PRC, specialising in the integrated R&D, production, sales and service of printing equipment. Its business covers more than 90 countries and regions in the globe.

   Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

3. Market capitalisation figures were based on the latest data available as at 20 February 2025.

Source: Annual Reports, Frost & Sullivan

The POS terminal and PDA market in the PRC is relatively competitive, with more than 1,600 industrial enterprises above designated size participated. The top five players have contributed to 9.7% of the entire market in terms of revenue. The Group recorded the revenue of RMB0.8 million through the sales of POS terminals and PDAs in the PRC, accounting for a market share of 0.002%.

Ranking and Market Share of Leading POS Terminal and PDAs Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company J	1,169.3	3.3%
2	Company K	736.9	2.1%
3	Company L	735.5	2.1%
4	Company M	456.8	1.3%
5	Company N	335.2	0.9%
	Top five subtotal	3,433.7	9.7%
	Others	32,064.3	90.3%
	Total revenue of POS Terminal and PDAs in the PRC	35,498.0	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including "Mobile Terminal Equipment Manufacturing"; registered capital of "More than RMB10 million"; status of "Active", and "Industrial enterprises above designated size", i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company J is a SZSE-listed company based in Fujian, China, with a market capitalisation of RMB20.5 billion, primarily offering specialised services and products in information identification, mobile communication support, highway informatisation, and electronic payment solutions, including smart POS, facial recognition FPOS, conventional POS, MPOS, PDA scanner, etc. for commercial banks and third-party payment service providers. Its sales network is spread across 70 countries and regions worldwide.

   Company K is a HKEX-listed company based in Shenzhen, with a market capitalisation of HKD54.9 billion, mainly offering electronic payment terminal solutions, including electronic payment terminals in over 120 countries.

   Company L is a SZSE-listed company based in Shenzhen, China, with a market capitalisation of RMB12.4 billion, mainly engaged in the R&D, sales and leasing of digital payment terminals' hardware and software, as well as comprehensive solutions. It offers products including intelligent POS, mobile POS, desktop POS, cryptographic keypads, external devices, etc., in more than 80 countries and regions.

Company M is a subsidiary of a technology company in the PRC, primarily engaged in product development, sales, and service in the PRC region, providing financial POS, financial self-service terminals, IC card machines, etc.

Company N is a terminal product R&D and design company, dedicated to providing OEM and ODM services for various electronic products such as POS payment terminals, barcode reading devices, industry application terminals, and intelligent hardware.

Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

3. Market capitalisation figures were based on the data available as at 20 February 2025.

Source: Annual Reports, Frost & Sullivan

The scale market in the PRC is relatively fragmented, with more than 1,500 industrial enterprises above designated size participated. The top five players have contributed to 36.0% of the entire market in terms of revenue. The Group recorded the revenue of RMB21.9 million through the sales of scales in the PRC, accounting for a market share of 1.0%.

Ranking and Market Share of Leading Scale Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company O	249.3	10.8%
2	Company P	216.6	9.4%
3	Company Q	165.6	7.2%
4	Company R	128.6	5.6%
5	Company S	68.5	3.0%
	Top five subtotal	828.6	36.0%
	Others	1,471.4	64.0%
	Total revenue of Scale in the PRC	2,300.00	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including "Commercial Scale"; "Business Scope"; registered capital of "More than RMB10 million"; status of "Active", and "Industrial enterprises above designated size", i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company O is a leading NYSE-listed manufacturer of precision instruments ,headquartered in Zurich, Switzerland, with a market capitalisation of USD27.5 billion. It offers precision equipment and solution for weighing, analysis, and testing for laboratory, industrial, and food retailing use in over 100 nations and areas worldwide. The retail weighing scales include counter scale, self-service scale, and check out scale.

Company P is a providers of scale in the PRC, specialising in the production of various electronic weighing scales, electronic platform scales, electronic weighing scales, electronic counting scales, spring scales, industrial scales and household scales and other weighing products. Its sales network spread across Europe, America, the Middle East and South Asia.

Company Q is one of the earliest manufacturers engaged in R&D and production of electronic scales in the PRC, providing electronic waterproof scale, balance scale, weighing scale, platform scale and other weighing products for customers in Japan and Europe countries.

Company R a SZSE-listed company based in Zhongshan, the PRC, with a market capitalisation of RMB4.1 billion, mainly provides measurement and metrology solutions for medium and high-end domestic scales, electronic scales and industrial weighing instruments as well as corresponding software and services. Its sales network is spread across 90 countries and regions worldwide.

Company S is a company specialising in the production of load cells, packaging machines, vending machines, barcode machines, electronic scales, electronic weighing instruments and electronic cash registers for the PRC market.

3. (1) Only commercial scales are included in the ranking; and (2) Market capitalisation figures were based on the latest data available as at 20 February 2025.

Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

Source: Annual Reports, Frost & Sullivan

The overall AIDC devices and solutions market in the PRC is highly fragmented with top three market players accounting for 3.3% of the entire market in terms of revenue.

The Group recorded the total revenue of RMB176.5 million, accounting for a market share of 0.2% in 2023.

Ranking and Market Share of Leading AIDC Devices and Solutions Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company J	1,385.3	1.3
2	Company A	1,067.7	1.0
3	Company T	971.5	0.9
	Top three Sub-total	3,424.4	3.3
	Total Revenue of AIDC Devices and Solutions in the PRC	105,300.0	100.0

Note: Company T is a multinational and NASDAQ-listed company, with a market capitalisation of USD124.9 billion, specialising in consumer electronics manufacturing, engineering and technology services, and aerospace systems. It is headquartered in North Carolina, the United States, and established 174 manufacturing sites around the globe, including 70 in the United States, 53 in Europe and 51 in other international regions. Its Industrial Automation Group mainly offers a wide range of products including automation control systems, automatic identification and data acquisition, measurement control and safety inspection solutions, and safety and protective equipment, etc., to global customers.

**Note:* Market capitalisation figures were based on the data available as at 22 April 2025.

Source: Annual reports, Frost & Sullivan

Set out below are the price range, target customers, functionalities and application scenarios of the Group and the Group's major competitors:

	Price Range of AIDC devices (RMB)	**Target Customers**	**Functionalities**	**Application Scenarios**
The Group	10–10,013	Include but not limited to retail, education, catering, logistics, warehousing, manufacturing, medical and hospitality	Specialty printers, scales, POS terminals and PDAs	Include but not limited to commercial, medical and education sectors
Company A	300–7,000+	Logistics, retail, manufacturing	Commercial barcode/label high-speed printing, RFID integration, weather-resistant	Warehouse management, transport labels, retail pricing, manufacturing tracking
Company B	200–800+	Retail, F&B, healthcare	Portable Bluetooth printing, thermal receipt printing, low-noise design	Takeout orders, POS receipts, medical labels
Company C	100–800+	Retail, F&B, logistics	Label printing, receipt printing, supports multiple paper sizes, easy maintenance	Small supermarket pricing, restaurant kitchen orders, logistics waybills

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company D	800–2,000+	Retail, healthcare, government agencies	Dot-matrix printing (multi-part forms), durability, high-load operation	Invoice printing, bank documents, medical reports
Company E	150–1,200+	Logistics, retail, finance	Self-service terminal printing, barcode scanning integration, modular design	Parcel locker printing, ATM receipts, retail self-checkout
Company F	500–5,000+	Logistics, manufacturing, retail	Desktop, enterprise-level, industrial label printing, high resolution, withstands high temperature/humidity environments	Logistics package labels, production line product identification, warehouse management
Company G	500–2,000+	Retail, F&B, creative industries	High-precision colour label printing, wireless connectivity, eco-friendly design	Luxury item labels, restaurant customised orders, art identification
Company H	100–1,700+	F&B, small retail, e-commerce	Thermal receipt printing, Bluetooth/Wi-Fi connectivity, compact design	Takeout order receiving, e-commerce waybills, receipt printing
Company I	100–700+	Retail, F&B, warehousing, logistics, etc.	Mobile portable printing, multi-language support, low power consumption	Mobile stall orders, takeaway labels, service industry tickets

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company J	800–5,000+	Retail, F&B, transportation payment	Smart POS terminal, supports QR code/NFC/facial recognition payment, cloud management platform	Chain supermarket checkout, fast-food ordering, public transport ticketing
Company K	N.A	Global retail, F&B, hospitality	Multi-language/ multi-currency support, high-security payment module, supports mobile 4G/Wi-Fi, industrial-grade durability	International chain restaurants, hotel front desk checkout, high-traffic mall cashiering
Company L	N.A	Small retail, F&B, financial services	Portable POS machine, low power consumption, supports mainstream payment interfaces (UnionPay/WeChat/ Alipay)	Street store cashiering, takeout delivery payment, financial service outlets
Company M	N.A	Banks, retail, transportation payment	Bank-level security certification, adaptable to multiple scenarios (fixed/mobile POS), withstands high-frequency use	Bank card payment, gas station payment, self-service ticket machines

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company N	N.A	Small F&B, individual retail, service industry	Basic payment functions, lightweight and portable, low-cost maintenance, supports thermal receipt printing	Snack shop cashiering, night market stalls, hair salon/beauty salon checkout
Company O	200–9,000+	Food processing, laboratories, pharmaceuticals, precision industries	High-precision weighing, anti-vibration and interference resistance, cloud data integration	Laboratory drug compounding, food production line quality inspection, industrial raw material precision measurement
Company P	188–500+	Small retail, F&B kitchens, farmers' markets	Basic weighing, moisture-proof design, simple pricing function	Restaurant ingredient weighing, supermarket and small store product pricing
Company Q	120–500+	Logistics warehousing, industrial manufacturing, retail	High load capacity, anti-cheating function, industrial-grade impact resistance, supports barcode printing output	Logistics cargo weighing, factory raw material warehousing, large supermarket shelf restocking
Company R	180–550+	Retail, health industry, mixed home and commercial scenes	Smart touchscreen, automatic label printing, POS system integration	Fresh supermarket price tag printing, gym body fat measurement, chain pharmacy drug compounding and weighing

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company S	720–3,000+	Large retail, F&B chains, logistics	High-speed dynamic weighing, multiple product presets, anti-theft tag integration, ERP system linkage	Supermarket self-checkout scales, chain restaurant central kitchen ingredient preparation, logistics package automatic sorting
Company T	500–3,000+	Transportation logistics, healthcare, warehousing, manufacturing, retail	Mobile computing, label printing and data management	Warehouse, docks & yards, pharmacies, hospitals, factories, retail stores

Note: Retail price ranges of the competitors were based on the retail prices as extracted from the companies' official online stores. Retail prices of products of Company K–N are undisclosed due to the nature of their B2B sales model.

Entry Barriers

Branding and project reference – Existing AIDC device and solution providers have usually demonstrated the track record of successful project delivery and established sound reputation. Such track record and reputation pose as an entry barrier for new market entrants as they do not have successful precedents for marketing. Proven track record is the recognition of extensive technical skills and experience in provision of AIDC device and solution as well as a demonstration of competitive edge in engaging complex and large-scale projects. However, establishing a sound image requires long time, thus forming a major barrier for entry.

Qualification Barriers – Due to the significance of payment security and technical patents, the AIDC device industry specifies particular quality certifications and standards for manufacturers' procurement and production, with some certifications requiring a lengthier process. Furthermore, the complexity of qualifying varies for clients in different industry, such as card organisations, acquirers, or retail chain stores, clients generally place emphasis on various criteria, such as manufacturers' financial situation, operations, quality system, and technical level, etc,. Specifically, product solutions are normally selected through competitive bidding for large-scale business, which provides a significant barrier to new entrants who might not able to obtain certification quickly.

Market know-how – With strong local market know-how, the AIDC device and solution providers establish the regional specific service portfolio which allows the retailers to improve operational efficiency and reduce costs. As consumer trends and digital technology are constantly shifting, the AIDC device and solution providers are required to have a strong management team with expertise and market understanding to meet the fast-changing market needs, from inventory management, mobile payment to data analytics. As carriers of data collection and generation, electronic payment terminals and specialised printers play a significant role in retailers' day-to-day operations, therefore manufacturers are always required to update technologies and optimise features to meet market demand. The new market entrants without such market expertise would not be able to easily access to major retailers.

High conversion costs – As the retail terminal manufacturing is client-oriented toward the specific requirements, R&D services and final product delivery are customised, particularly in light of a large number of institutional clients, various payment processes and application scenarios. In addition, manufacturers and clients have formed a strong working relationship, which will continue to strengthen with further product updates and iterations, resulting in a high cost of conversion for system replacement. For new market entrants, the stable client relationships between existing player has caused a certain degree of exclusivity that would hurdle their business development.

Technological requirement for payment security – The financial payment system has a strict confidentiality awareness, with encryption methods established for the network interface, protocol standards, and payment process settlement. Consequently, it poses high technological requirements for the POS hardware and software development. Manufacturers must have a mature industrial design, data self-destruction, mechanical structure, and switch settings to ensure that POS terminal hardware does not leak data due to physical damage. To ensure data storage and transaction security, manufacturers must also block unauthorised software incursion using algorithms and a multi-layer key system. Lack of technical accumulation and actual project experience in the financial payment industry makes it challenging for new entrants to achieve the relatively rigorous security technology standards.

COMPETITIVE STRENGTHS OF OUR GROUP

Please refer to the paragraph headed "Business – Competitive strengths" in this prospectus for a detailed discussion of competitive strengths of our Group.

REGULATIONS ON INTELLECTUAL PROPERTY

The Group's intellectual property rights primarily consist of trademarks, patents, software copyright and domain names and the Company is required to comply with regulations on intellectual property.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) considered and approved by the Standing Committee of the National People's Congress (the "**SCNPC**") on 23 August 1982, most recently amended on 23 April 2019 and effective from 1 November 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, later amended on 29 April 2014 and effective from 1 May 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark licence agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on 1 June 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorisation of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Software Copyright

Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991 and latest amended on 30 January 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on 20 February 2002, Chinese citizens, legal entities or other organisations automatically enjoy copyright in the software which they have developed, whether published or not; the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on 24 August 2017 and taking into effect on 1 November 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicise the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

TRADE SECRETS

Pursuant to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) which was promulgated by the SCNPC in September 1993, and amended on 4 November 2017 and 23 April 2019, respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has commercial value, may create economic benefits for its obligee and is maintained as a secret by its obligee. Pursuant to the PRC Anti-Unfair Competition Law, business operators are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the obligee by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets of the obligee obtained illegally under item above; (3) disclosing, using or permitting others to use the trade secrets held that are in violation of any confidentiality agreements or any requirements of the obligee to keep such trade secrets confidential; or (4) instigating, inducing or assisting others to violate confidentiality obligation or to violate any requirements of the obligee to keep such trade secrets confidential, so as to disclose, use or permit others to use the trade secrets of the obligee. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses the trade secrets of others, the third party may be deemed to have committed an infringement of the others' trade secrets. The parties whose trade secrets are being infringed upon may petition for administrative corrections, and regulatory authorities shall stop any illegal activities and fine infringing parties. Where a business operator infringes any trade secret, the supervision and inspection authority shall order it to cease the illegal act, confiscate the illegal gains and impose a fine between RMB100,000 and RMB1 million; where the circumstance is serious, the fine shall be between RMB500,000 and RMB5 million.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Company shall comply with regulations on employment and social welfare to recruit employees, including entering fixed-term employment contracts with employers pursuant to the Labour Law and the Labour Contract Law. As such, it shall make social insurance and housing provident fund contributions for employees according to the Social Insurance Law and the Administration of Housing Provident Funds.

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》), or the Labour Contract Law and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labour Contract Law, which became effective on 1 July 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts must be executed in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on 29 December 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and most recently amended on 24 March 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999, and amended on 24 March 2002, and 24 March 2019, enterprises must register at the designated administrative centres and open bank accounts for depositing employees' housing provident fund. Employers and employees are also required to pay and deposit housing provident fund, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management centre. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident fund, the housing fund management centre shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON OVERSEAS LISTINGS

On 17 February 2023, the China Securities Regulatory Commission, or the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) ("**Trial Measures**") together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "**New Regulations on Filing**"). Under New Regulations on Filing, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The New Regulations on Filing provides 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. 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 and etc., and duly fulfil their obligations to protect national security.

On 24 February 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

The Company, as a PRC domestic company, shall comply with the abovementioned New Regulations on Filing and relevant provisions to offer and list securities on the Hong Kong Stock Exchange.

REGULATIONS ON THE H SHARE "FULL CIRCULATION"

The Company shall comply with regulations on the H share "full circulation" to converse its domestic shares into H shares and circulate on the Stock Exchange. Pursuant to the Guidelines for the "Full Circulation" Programme for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》(中國證監會公告[2019]22號)), or the Guidelines for the "Full Circulation", promulgated by the CSRC on 14 November 2019 and effective from the 10 August 2023, "full circulation" means the listing and circulation on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation" and to file the application with the CSRC. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Upon the completion of the filing of full circulation with the CSRC, the H-share listed company shall submit relevant status reports to the CSRC within 15 days after the shares relating to the application has completed transfer registration with the China Securities Depository and Clearing Corporation Limited, or the CSDC.

According to the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》),or the Measures for Implementation, promulgated by the CSDC and Shenzhen Stock Exchange, or the SZSE, on 31 December 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation" business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited, or the CSDC (Hong Kong), and SZSE.

In order to fully promote the reform of H-share "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, the Guide to the Programme for "Full Circulation" of H-shares of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南) was promulgated by the Shenzhen Branch of CSDC on September 20, 2024 and came into effect on September 23, 2024, which specifies the business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance of domestic holding details, etc.

REGULATIONS RELATING TO LEASING

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on 5 July 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, without the mentioned registration above, a fine may be imposed by the development (real estate) department.

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on 1 January 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

REGULATIONS RELATING TO FIRE PREVENTION:

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") came into effect on 29 April, 1998 and was latest amended on 29 April, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People's Government is responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development of the PRC on 1 April 2020 and amended and implemented on 30 October 2023, special construction projects as defined under such interim provisions shall conduct fire protection design review and obtain the fire protection acceptance, and construction projects other than such special construction projects shall be reported to the competent authority for the filing of fire protection design and acceptance of the project. Any construction project failing to complete the fire protection acceptance as prescribed shall be ordered to discontinue the use and a fine ranging from RMB30,000 to RMB300,000 shall be imposed.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties for fire safety.

LAWS RELATING TO FOREIGN EXCHANGE

The State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) on 29 January 1996, which took effect on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, respectively. Foreign exchange payments under current account items shall, according to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

SAFE promulgated the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 59**") on 19 November 2012, which became effective on 17 December 2012, was amended on 4 May 2015 and 10 October 2018 and was partially repealed on 30 December 2019. The SAFE Circular No. 59 aims to simplify foreign exchange procedures and further facilitate investment and trade. Pursuant to the SAFE Circular No. 59, approval from SAFE is not required for the opening of various special foreign exchange accounts such as front-end expense accounts, foreign exchange capital accounts and asset liquidation accounts, reinvestment made by foreign investors with lawful income in RMB obtained domestically, and remittance of profits and dividends by foreign-invested enterprises to overseas shareholders. The same subject can open multiple capital accounts in different provinces. Subsequently, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 13**"), which was partially repealed in December 2019. The SAFE Circular No. 13 provided that the banks will directly verify and handle the registration of foreign exchange for foreign direct investment instead of the SAFE, while the SAFE and its branches shall conduct through banks indirect regulation over registration of foreign exchange for foreign direct investment.

The SAFE promulgated the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular No. 21**") on 10 May 2013, which took effect on 13 May 2013, was amended on 10 October 2018 and was partially repealed on 30 December 2019. The SAFE Circular No. 21 provided that the administration by the SAFE or its local branches on direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to direct investment in the PRC based on the registration information provided by the SAFE and its branches.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on 26 December 2014, a domestic company in the PRC shall, within 15 business days from the date of completion of its overseas listing issuance, register the overseas listing with the foreign exchange control bureau located at its registered address; the proceeds from an overseas listing of a domestic company of the PRC 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 document and other public disclosure documents.

On 9 June 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which came into effect on the same day and was amended on 4 December 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remittance of foreign listing proceeds, and the corresponding RMB capital may be used to extend loans to related parties or repay inter-company loans (including prepayment by third parties).

On 10 April 2020, SAFE issued the Notice of the State Administration of Foreign Exchange on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "**Notice**"), which came into effect on the same day. The Notice provides that under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt, and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties, charges or supervision in relation to foreign exchange regulations.

REGULATIONS RELATING TO ANTI-MONEY LAUNDERING

Article 191 of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》, which was adopted on 1 July 1979 and last implemented on 1 March 2024, stipulates the relevant constituent elements of the crime of money laundering. Any person who commits any of the following acts in order to conceal or disguise the source and nature of the proceeds from, or income derived from, drug-related offences, offences involving triad organisations, terrorist offences, smuggling offences, corruption and bribery offences, offences against financial administration and order and offences of financial fraud, the proceeds from, and the income derived from, the above offences shall be confiscated, and the person may be sentenced to imprisonment or criminal detention for a term not exceeding five years together with a fine, or only to a fine only; and in serious cases, the person shall be sentenced to a term of imprisonment not less than five years and not more than ten years together with a fine: (1) providing a fund account; (2) converting property into cash, financial instruments or marketable securities; (3) transferring funds by way of remittance or by other means of payment and settlement; (4) transferring assets across borders; or (5) using other means to conceal or disguise the source and nature of the proceeds from, or income derived from, crimes. If an entity commits an offence under the preceding paragraph, the entity shall be sentenced to a fine, and its directly responsible officers and other directly responsible employees shall be punished in accordance with the provisions of the preceding paragraph.

Article 3 of the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate of Several Issues Concerning the Application of Law in Handling Money Laundering Criminal Cases (《最高人民法院、最高人民檢察院關於辦理洗錢刑事案件適用法律若干問題的解釋》), which was deliberated and promulgated on 19 August 2024 and became effective on 20 August 2024, recognises "knew or should have known" in the crime of money-laundering as follows: A comprehensive examination and judgement shall be made on the basis of the information contacted and received by the perpetrator, the handling of other people's proceeds of crime and their proceeds, the type and amount of the proceeds of crime and their proceeds, the way in which the proceeds of crime and their proceeds are transferred and converted, the transaction behaviour, the fund account and other abnormalities, and in conjunction with the perpetrator's occupational experience, his or her relationship with predecessors in the commission of crimes, as well as his or her confession and justification, and the identification of accomplices and the testimony of witnesses. Except where there is evidence to prove that the perpetrator did not know. If the proceeds of a predicate offence under article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) and the proceeds thereof are recognised as the proceeds of other offences and the proceeds thereof within the scope of the predicate offence provided for in that article, this shall not affect the determination of "knew or should have known".

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties, charges or supervisions in relation to anti-money laundering.

REGULATIONS ON TAXATION

As PRC domestic enterprises, the Group shall comply with regulations on taxation.

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on 29 December 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law. A resident enterprise refers to an enterprise established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC, while a non-resident enterprise refers to an enterprise established in accordance with any laws of foreign countries (regions) with no actual management entity within the PRC but have establishments or premises in the PRC, or with no establishments or premises in the PRC but whose income is derived from the PRC. According to the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both non-resident enterprises and resident enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualified small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》),which was promulgated by the State Council and was last amended on 19 November 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on 28 October 2011 and effective from 1 November 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the VAT.

According to the Notice of the Ministry of Finance and the State Administration of Taxation 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》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Administration of Taxation 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》) promulgated on 20 March 2019 and effective from 1 April 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

According to the Measures for the Administration of Tax Refund (Exemption) of Exported Goods (Trial) (《出口貨物退(免)稅管理辦法(試行)》), which was promulgated by the State Administration of Taxation on 16 March 2005, became effective on 1 May 2005, and was partially amended on 15 June 2018, unless otherwise specified, the value-added tax for the goods exported by an exporter on his own or by means of entrustment, can be refunded or exempted with the approval of the competent tax authorities after customs declaration for export and financial sales accounting.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on 22 February 1993 and amended on 8 July 2000, 27 August 2009 and 29 December 2018, respectively, all production and sales activities within the PRC must comply with this Law. Producers and sellers shall bear the responsibility for product quality in accordance with the provisions of this Law. The responsibilities and obligations of producers for product quality include: (i) they shall be responsible for the quality of the products they produce; (ii) the labels on the products or their packaging shall be true; (iii) they shall not produce products that have been ordered to be eliminated by the PRC, shall not sell products that have been ordered to be eliminated and discontinued, and shall not sell products that have become invalid or deteriorated; (iv) they shall not forge the place of production, and shall not forge or fraudulently use the name or address of the factories of other manufacturers; and (v) they shall not forge or fraudulently use the certification mark and other product quality marks; (vi) adulteration, using fake products as genuine products, sub-standard products as good products, sub-standard products as qualified products are not allowed; and (vii) they shall make sure that the packaging for products that are fragile, flammable, explosive, highly toxic, corrosive or radioactive, cannot be inverted during storage and transport, or have other special requirements, must meet the corresponding requirements, and that there is a warning sign or warning note indicating the precautions to be taken for storage and transport. Producers who are in violation of the above responsibilities and obligations shall be liable for civil damages. The relevant authorities may order the production to stop, confiscate the illegal products, impose a fine and confiscate the illegal proceeds (if any). In serious cases, the business licence will be revoked; in case of crime, criminal liability will be investigated according to the law.

Customs

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was promulgated by the SCNPC on 22 January 1987 and was last amended on 29 April 2021, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the permission of the customs. The declaration of inward and outward articles and payment of duties on them may be made by the owners of the articles themselves or by the persons they have entrusted with the work. In addition, the consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the customs in accordance with the laws. Enterprises engaged in processing trade shall file a record with the customs office in accordance with the regulations of the General Administration of Customs. The amount of raw materials consumed during the production of the finished products shall be decided by the customs office. The finished products of a processing trade shall be re-exported within the stipulated time limit. According to the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities, which was promulgated by the General Administration of Customs (《中華人民共和國海關報關單位備案管理規定》) on 19 November 2021 and became effective on 1 January 2022, for any changes in the information such as the name of the customs declaration entity, type of market entity, domicile (main place of business), legal representative (person in charge), customs declaration personnel, etc. stated in the Information Form for Filing of Customs Declaration Entities, the customs declaration entity shall apply to the local customs office for changes within 30 days from the date of change.

REGULATIONS ON DATA SECURITY AND PROTECTION OF PERSONAL INFORMATION

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, the personal information of natural persons is protected by law, and any organisations and individuals collecting personal information must do so in accordance with the law and ensure the security of the personal information collected. Personal information shall not be illegally collected, used, processed or transmitted, nor shall it be illegally traded, provided or made public. Personal information refers to all kinds of information recorded by electronic or other means that can, individually or in combination with other data, identify a specific natural person, including, among others, a natural person's name, date of birth, identity document number, biometric information, residential address, telephone number, email address, health information and information of his/her whereabouts. The provisions on privacy shall apply to the private information in personal information, and if there are no such provisions, the provisions on protection of personal information shall apply. Personal information shall be handled under the principles of lawfulness, propriety and necessity, and shall not be excessive. In the event that an infringement of rights has been committed by an internet user through internet services, the right holder has the right to notify the internet service provider to take necessary measures such as deletion, masking and disconnection. Upon receipt of the statement, the internet service provider shall forward the same to the right holder who sent such notice, and inform him/her that he/she may lodge a complaint with the relevant department or file a lawsuit with the People's Court.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網路安全法》) promulgated by the SCNPC on 7 November 2016 and became effective on 1 June 2017, network operators shall, when conducting business operations and providing services, abide by laws and administrative regulations, respect social norms, observe business ethics, act in good faith, perform cybersecurity protection obligation, accept supervision by the government and the public, and undertake social responsibilities. For the provision of services through the network, technical measures and other necessary measures shall be taken in accordance with the provisions of laws and administrative regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data. Network operators shall not collect personal information unrelated to the services they provide, nor shall them collect or use personal information in violation of the provisions of laws and administrative regulations and the agreements between the relevant parties, and shall handle the personal information maintained by them in accordance with the provisions of laws and administrative regulations and the agreements with the users. Operators of critical information infrastructures who purchase network products and services that may affect national security shall pass the national security review organised by the national cyberspace administration in conjunction with the relevant departments of the State Council. In case of violation of the above regulations, network operators may be ordered to make rectification, warned or fined in different amounts by the competent authorities.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on 10 June 2021 and became effective on 1 September 2021, when conducting data processing activities, one shall comply with laws and regulations, respect social norms and ethics, observe business and professional ethics, act in good faith, perform data security protection obligations, and undertake social responsibilities, and shall neither compromise national security and public interest nor harm the lawful rights and interests of any individual or organisation. Data are classified and a hierarchical protection system is implemented according to their importance in economic and social development and the degree of harm to national security, public interests or the lawful rights and interests of individuals or organisations if they are tampered with, destroyed, leaked, illegally accessed or used. The Data Security Law of the People's Republic of China also implements national security reviews of data-processing activities that affect or may affect national security, and implements export controls in accordance with the law on data belonging to controlled items that are relevant to the safeguarding of national security and interests and the fulfilment of international obligations. Violation of the Data Security Law of the People's Republic of China may result in the relevant entities or individuals being warned, fined, suspended for rectification, having their permits or business licences revoked, or even being held criminally liable. According to the legal liabilities stipulated in the Data Security Law of the People's Republic of China, the maximum penalty for violation of the Data Security Law of the People's Republic of China is RMB10 million.

According to the Measures for Cybersecurity Review (《網路安全審查辦法》) promulgated by the National Cyberspace Administration of China ("**CAC**") and other competent authorities on cybersecurity review on 28 December 2021 and became effective on 15 February 2022, network operators who carry out data-processing activities that affect or may affect national security shall be subject to cybersecurity review. Network platform operators holding personal information of more than 1 million users who seeks to be listed abroad shall apply to the Cybersecurity Review Office for a cybersecurity review. The Measures for Cybersecurity Review further elaborate on the factors to be considered when assessing the national security risk of the relevant activities, including: (i) the risk of theft, leakage, destruction, illegal use or illegal outbound provision of core information, important information or a large amount of personal information, and (ii) risk of the listing resulting in critical information infrastructure, core information, important information, or large amounts of personal information being influenced, controlled, or maliciously exploited by foreign governments, as well as the risk of network information security. The National Cyberspace Administration promulgated the Regulations on Facilitating and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》) on 22 March 2024, which provides that data processors shall identify and report important information in accordance with the relevant provisions. For information that has not been notified or announced as important by relevant departments or in relevant regions, data processors are not required to apply for an outbound data security review as if they were important information. If the data provided overseas were collected and generated in activities including international trade, cross-border transport, academic cooperation, transnational production and manufacturing and marketing, and such data does not contain any personal information or important information, then they are exempted from outbound data security review, entering into standard contract for outbound personal information, and passing a personal information protection certification.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

On 7 November 2016, the SCNPC promulgated the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective as of 1 June 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. No individual or organisation may engage in activities that threaten cybersecurity such as unlawful intrusion into others' networks, interfering with the normal functions of others' network and stealing network data, provide programme or tools for such intrusions, interference or stealing, or provide any assistance such as technical support, advertisement, payment or settlement for any other person if the individual or organisation is fully aware that such person engages in an activity endangering cybersecurity.

Pursuant to the Data Security Law of People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which was promulgated by the Standing Committee on 10 June, 2021 and took effect on September 1, 2021, those carrying out the data processing activities shall comply with laws and regulations, respect social morality and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibilities; and shall not endanger national security, public interests, or harm the lawful rights and interests of the individuals and organisations. Data processing activities shall be carried out in accordance with the provisions of laws and regulations, establish and improve a whole-process data security management system, organise and carry out data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security. The use of the Internet and other information networks to carry out data processing activities shall perform the above-mentioned data security protection obligations on the basis of the network security level protection system. The state establishes a data classification and grading protection system based on the level of importance of the data in the economic and social development, as well as the level of danger of the data imposed on national security, public interests, or the legal interests of individuals and organisations upon any tampering, destruction, leakage, illegal acquisition or illegal use. The state establishes a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. If significant security risks are found in any data processing activities during the performance of their duties by the relevant authorities to regulate data security, the relevant authorities may meet with such organisations or individuals based on the prescribed authority and procedures, and require such organisations or individuals to take rectifying measures to eliminate the potential risks. Any violations of the provisions and requirements of the Data Security Law may lead to penalties, including warnings, fines, suspension of the relevant businesses, suspension of operation, revocation of relevant business licences or operation licences, or being held criminally liable in accordance with the law.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect from 1 November 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labour rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) such information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

In addition, the Personal Information Protection Law stipulates the conditions for providing personal information outside the People's Republic of China due to business needs, including that it shall (i) pass the security assessment organised by the national cyberspace administration; or (ii) pass a certification of personal information protection from a professional institution in accordance with the provisions issued by the national cyberspace administration; or (iii) enter into a standard contract formulated by the national cyberspace administration with the overseas recipient to stipulate the rights and obligations of both parties; or (iv) comply with laws, administrative regulations or any other condition prescribed by the national cyberspace administration. Any violation of requirements in respect of personal information processing or non-performance of personal information protection obligations when processing personal information could lead to order of correction, issuance of a warning, confiscation of illegal gains and order of suspension or termination of service provided by the applications processing personal information illegally from the administration performing the personal information protection duties; and fines depending on the severity of the case.

Our products and supporting applications including printing equipment, scales, POS terminals and PDAs are not designed to collect, store, or use end-user personal information. We collect personal information only as necessary for the performance of our contracts or the fulfillment of our legal obligations, and the main channels include online stores. Our individual user customers mainly interact with us through our online stores on e-commerce platforms, while a few of them place small orders directly with us. In the course of providing sales services to our individual customers through e-commerce platforms, we have the opportunity to capture order information obtained in the course of the online sales process, such as consumers' addresses, contact details, purchase details and payment results. Other than that, we do not collect, process, or store personal information. For the personal information involved above, we only receive encrypted order data (including address, contact details, purchase details and payment results) provided by the e-commerce platforms based on their agreements with the users and the scope of authorisation of the Personal Information Protection Law, and in general, the platforms will ensure that the data is desensitised and transmitted through technical means. For users placing orders directly with us, we only obtain address, contact number, purchase and payment details. We have developed working mechanisms to ensure that we apply the above personal information for specific and reasonable purposes, and limit the application of personal information processing activities to the minimum extent necessary to achieve such purposes. We have a privacy policy that makes it clear that the use, disclosure, storage, and exchange of information will only take place with the permission of the individual users. Personal information will not be shared, transmitted, or publicly disclosed without the consent from users. We have also agreed on confidentiality obligations with our employees, limiting the scope of their access to personal information and ensuring that only business essential positions have access to minimised information. We will use the data in strict accordance with the Cybersecurity Law, the Personal Information Protection Law and the agreed scope of the agreements with the e-commerce platforms to prevent over-scope use for marketing, user profiling or other non-directly related scenarios.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which has come into effect on 15 February 2022. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators (the "**CIIOs**") and the network platform operators (the "**Network Platform Operators**") which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

On 24 September 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on 1 January 2025 and applies to network data processing activities carried out within the territory of the PRC as well as the supervision and management of their security. It stipulates that the network data processors engaging in network data processing activities that affects or may affect national security shall be subject to the cybersecurity review in accordance with the relevant laws and regulations.

As advised by the PRC Legal Advisers, given that (i) elaboration or interpretation of "affect or may affect national security" are not included in the Cybersecurity Review Measures and the Regulations on Network Data Security Management (《網絡數據安全管理條例》) and according to Article 2 of the National Security Law (《國家安全法》), "national security" means a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other major interests of the state are relatively not faced with any danger and not threatened internally or externally and the capability to maintain a sustained security status; (ii) our PRC Legal Advisers conducted a telephone consultation in April 2024 with the China Cybersecurity Review, Certification and Market Regulation Big Data Centre, and were given to understand that listing on the Hong Kong

Stock Exchange does not fall within the meaning of "overseas listing" as stipulated in the Cybersecurity Review Measures and our Listing on the Hong Kong Stock Exchange will not trigger mandatory application for cybersecurity review under the Cybersecurity Review Measures. As advised by our PRC Legal Advisers, the Cybersecurity Review Measures have not been repealed or amended from the time of the consultation and up to the Latest Practicable Date, and the laws and regulations as stated above are still in force; (iii) as at the Latest Practicable Date, our Group does not possess personal information data of over one million users; (iv) as at the Latest Practicable Date, has not received any notification from regulatory bodies such as national or local cyberspace departments requiring the fulfilment of cybersecurity review obligations; (v) as at the Latest Practicable Date, our Group has not been notified of it being recognised as a critical information infrastructure operator or any network facilities and information systems being recognised as critical information infrastructure; and (vi) as at the Latest Practicable Date, our Group has not received any investigation, notice, warning or sanction issued by the competent governmental authorities in relation to national security, or been involved in any investigation by the CAC in relation to any network security review on the basis of national security or any other grounds, and has not yet received any enquiry, notice, warning or sanction in this regard, the PRC Legal Advisers are of the view that, as at the Latest Practicable Date, the possibility of our Group's business to incur national security risks that would require our Group to apply for cybersecurity review is relatively low, and the future possible application shall be subject to updates in the regulations and the opinions of the regulatory authorities on the cases.

REGULATIONS IN RELATIONS TO CROSS-BORDER DATA TRANSFER

On 7 July 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on 1 September 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (i) the data processors transferring important data abroad; (ii) a critical information infrastructure operator or a data processor that has processed personal information of more than one million people, transferring personal information abroad; (iii) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since 1 January of the preceding year, transferring personal information abroad; and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. For the purpose of the Security Assessment Measures, "important data" refers to data that may endanger national security, economic operations, social stability, public health and safety if subjected to tampering, destruction, leakage, illegal acquisition or exploitation.

According to the Measures for the Standard Contract for Outbound Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the CAC on 22 February 2023, and became effective on 1 June 2023, to provide personal information to an overseas recipient through a Standard Contract executed, a personal information processor shall meet the following criteria: (i) not being a critical information infrastructure operator; (ii) handling personal information of fewer than one million individuals; (iii) having provided personal information of fewer than 100,000 individuals in aggregate to overseas recipients since 1 January of the preceding year; and (iv) having provided sensitive personal information of fewer than 10,000 individuals in aggregate to any overseas recipients since 1 January of the preceding year. Where it is otherwise provided in any law or administrative regulations, or by the national cyberspace authority, those provisions shall prevail.

Furthermore, on 22 March 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of promulgation.

In accordance with these provisions, data processors who provide data abroad, and meet any of the following conditions, are required to declare the data export security assessment with the national cybersecurity administration authority through its local provincial counterpart: (i) critical information infrastructure operators providing personal information or important data abroad; (ii) data processors other than critical information infrastructure operator providing important data abroad or cumulatively providing abroad personal information (without any sensitive personal information) of more than one million individuals, or sensitive personal information of more than 10,000 individuals since 1 January of any calendar year. Additionally, to provide personal information to an overseas recipient through a standard contract executed or with a personal information protection certification, a personal information processor shall meet the following criteria: (i) cumulatively exporting personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1 million individuals since 1 January of any calendar year; or (ii) cumulatively exporting sensitive personal information of fewer than 10,000 individuals since 1 January of any calendar year. Besides the above, the Provisions on Facilitating and Regulating Cross-border Data Flows also provide certain circumstances under which the data processors are exempted to carry out the data export security assessment or standard contract/personal information protection certification requirements, loosening the regulations over personal information data cross-border transfer.

On 8 December 2022, the MIIT issued the Measures for the Administration of 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)》), which became effective on 1 January 2023. The measures are aimed to regulate the processing activities of data in the field of industry and information technology field conducted by relevant data processors in China. The measures apply to industrial enterprises, software and information technology service companies, and companies holding licences for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the measures, data in the field of industry and information technology includes industrial data, telecommunication data, and radio data generated and collected during the operation of relevant services. The measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures, including, among other things, data collection, storage, processing, transmission, disclosure, and destruction for data processors in the field of industry and information technology. In particular, data processors processing important data and core data are required to complete filing with relevant authorities for the catalogue of important data and core data. The filing information includes basic information on the data, such as category, classification, quantity, processing purposes and methods of data processing, scope of use, liable entities, data sharing, cross-border transfer of data, and data security protection measures. If over 30% of the quantity (i.e. number of data items or amount of data stored) of important and core data changes or there is any material change to other filing information, data processors must update the filing information with the relevant authorities within three months after such change. Furthermore, the measures provide data security requirements for cross-border and data transfers for data processors. If a data processor needs to transfer data in cases of merger, restructuring, or bankruptcy, it shall make data transfer plan and notify users affected. In addition, the measures indicate that the legal representative or principal of the data processor should be the primary person held accountable for data security and the person in charge of data security should take direct responsibility for the security of data processing activities.

We operate business in the PRC and all the data collected and generated during our operation is stored in the PRC. Furthermore, our business operation involves no cross-border transfer of personal information or important data and the data we process has not been identified or publicly announced as important data by the relevant departments or local regulatory authorities. Our issuance of H shares and listing on the Stock Exchange will not affect our existing mode of operation and will not involve cross-border transmission of data. Based on the forgoing, our PRC Legal Advisor is of the view that the likelihood that such measures required by the aforementioned regulations in relation to cross-border data transfer apply to our business operation is very remote.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, there had not (i) had any incident of our Company relating to any material breach or violation of the PRC cybersecurity or data protection laws and regulations; or (ii) been subject to third party claim, legal, administrative or governmental proceedings involving our Group in relation to the PRC cybersecurity or data protection laws and regulations. Our PRC Legal Advisers are of the view that during the Track Record Period and up to the Latest Practicable Date, the Group has complied with all the applicable PRC laws and regulations relating to data security and privacy of personal information in all material aspects.

REGULATIONS RELATING TO GENERATIVE ARTIFICIAL INTELLIGENCE SERVICES

On 10 July 2023, the CAC, consented by NDRC, Ministry of Education, Ministry of Science and Technology, MIIT, the MPS, National Radio and Television Administration, promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) ("**Generative AI Services Measures**"), effective on 15 August 2023. The Generative AI Services Measures impose compliance requirements for providers of generative AI services to the general public (non-specific natural persons, legal persons, or unincorporated organisations) within the territory of PRC.

According to the Generative AI Measures, individuals or organisations that provide generative AI services of texts, images, audios, videos, and other content shall assume the responsibility of such network information content producers to fulfil the obligations of network information security, and where such services involve personal information, shall assume the responsibility of personal information handlers to protect any personal information involved. Non-compliance may subject generative AI services providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services. Meanwhile, the Generative AI Services Measures shall not apply if an enterprise develops or applies generative AI technology but does not provide generative AI services to the domestic public.

As advised by our PRC Legal Advisers, the main business in which the Company are engaged does not provide generative AI services of texts, images, audios, videos, and other content, we are not subject to the Generative AI services Measures.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated on 29 December 1993 and latest amended on 1 July 2024.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on 15 March 2019 and came into effect on 1 January 2020, sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organisations (collectively, the "**foreign investors**") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on 30 December 2019 and came into effect on 1 January 2020, sets out the details of the foreign investment information report system. Since 1 January 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》) promulgated on 6 September 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE PROTECTION ACCEPTANCE

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated on 26 December 1989 and last amended on 24 April 2014, all entities and individuals have the obligation to protect the environment. Enterprises and operators that implement the pollution discharge licence management shall discharge pollutants according to the requirement of the pollution discharge licence, and those who fail to obtain the pollution discharge licence shall not discharge pollutants. If any person or enterprise fails to comply with the laws and regulations of environmental protection, the relevant authority may impose a fine, order such person or enterprise to take measures such as restricting production and suspending production to make recovery, or even order to shut down the entity in severe cases.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on 28 October 2002, became effective on 1 September 2003 and last amended on 29 December 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on 20 November 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organise the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the content, conclusion and public information of the acceptance. The construction unit shall be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) which was promulgated on 30 October 1995 and last amended on 29 April 2020 and came into effect on 1 September 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on the environment and comply with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》) which was promulgated on 11 May 1984, last amended on 27 June 2017, and came into effect on 1 January 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed constructed and put into operation simultaneously with the major construction works of the construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed environmental impact assessment documents.

The Administrative Measures on Licencing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on 22 January 2015, last amended on 1 December 2022 and came into effect on 1 February 2023, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a Licence for Urban Drainage (排水許可證).

Fire Protection Design Approval and Filing

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was adopted on 29 April 1998 and last amended on 29 April 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People's Government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development on 1 April 2020, last amended on 21 August 2023 and officially implemented on 30 October 2023, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill protection design and acceptance of the project with competent authority.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

Regulations on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on 22 February 1993 and last amended on 29 December 2018 is the principal governing law relating to the supervision and administration of product quality. It clarified liabilities of the manufactures and sellers. Manufacturers shall be responsible for the quality of their products. If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturers shall bear liability for compensation, unless they are able to prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Regulations on Consumer Protection

According to the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") which was promulgated by the SCNPC on 31 October 1993 and last amended on 25 October 2013, where business operators sell commodities on the internet, on television, over telephone, or by mail order, consumers shall have the right to return the commodities within seven days of receipt of them without cause, subject to certain exceptions. Moreover, consumers are entitled to the protection of their personal safety and property security at the time of purchase and use of goods and receipt of services. Violations of the Consumer Protection Law may result in the imposition of fines, the suspension of operation, the revocation of business licence or even criminal liability of the business operators.

Competition Law

In accordance with the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") which was promulgated by the SCNPC on 2 September 1993 and amended on 4 November 2017 and 23 April 2019, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognised business ethics. Unfair competition means a business operator, in violation of the Anti-Unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. When the legitimate rights and interests of a business operator are damaged by unfair competition, it may start a lawsuit in the People's Court. In contrast, if a business operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another business operator, it shall be liable for damages. If the damage suffered by the business operator is difficult to assess, the amount of damages shall be the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed business operator to stop the infringement.

REGULATIONS ON PRODUCT STANDARDS AND CERTIFICATION

Regulations Relating to Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (amended in 2022) (《強制性產品認證管理規定(2022年修訂)》) promulgated by the SAMR (formerly the General Administration of Quality Supervision, Inspection and Quarantine) on 3 December 2001, amended on 29 September 2022, and became effective on 1 November 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organisation, implementation, supervision, administration, and comprehensive coordination of the compulsory product certification of the whole country, while local market regulation and administration authorities at county level or above are responsible for the supervision and administration of compulsory product certification activities within their jurisdiction. With respect to products which are subject to compulsory product certification, China has issued a uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards.

The Administrative Regulations on Compulsory Product Certification state that the producers, distributors and importers ("**certification clients**") of products listed in the catalogue shall authorise the certification institutions ("**certification institution**") designated by the SAMR to certify the products produced, sold or imported by them. A certification institution shall, under the requirements in the certification rules and on the basis of the features and actual situation of the products, take samples by means of delivery by the certification client, on-the-spot sampling or sealing up samples on the spot and then have them delivered by the certification client, and authorise a lab designated by the SAMR to conduct a product type test of the samples. After the certification institution has finished the product type test and factory inspection, usually it shall issue a certification certificate within 90 days as of the date of acceptance of the certification authorisation if the certification requirements are satisfied. A certification certificate shall be valid for five years. Where it is necessary to continue using a certification certificate after the expiration of its valid period, the certification client shall file an application 90 days prior to the expiration of its valid period. The format of a certification sign shall consist of a basic pattern and an indication of the certification category. The letters "CCC" in the basic pattern are the English abbreviation of "China Compulsory Certification".

According to the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》), which was issued by the State Administration for Market Regulation of the PRC ("**SAMR**") jointly with the Certification and Accreditation Administration of the PRC and effective from 3 December 2001, computer-assisted printing equipment, mobile terminals, cash registers in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

All of our printing equipment, PDAs and POS terminals have been granted the PRC National Compulsory Product Certification Certificate to comply with the requirements of the Implementation Rules for Compulsory Product Certification Electronic Products and Safety Accessories (《強制性產品認證實施規則電子產品及安全附件》) (CNCA-C09-01:2023).

During the Track Record Period, we submitted the necessary applications for renewal to China Quality Certification Centre (中國質量認證中心), and the renewed certificates had been issued to our products. As advised by our PRC Legal Advisers, there is no material legal impediment to renew the certificates.

Regulations Relating to Radio Transmitting Equipment

According to the Radio Regulations of the PRC (《中華人民共和國無線電管理條例》) promulgated by the State Council and the Central Military Commission on 11 September 1993, amended on 11 November 2016 and effective on 1 December 2016, radio transmission equipment produced or imported for domestic sale or use shall comply with the laws and regulations on the quality of the products, the national standards and the relevant provisions on radio regulation. The production and import of radio transmission equipment that is subject to model approval shall, in addition to the above requirements, comply with the technical specifications confirmed by the Radio Transmission Equipment Model Approval Certificate, and a model approval code shall be indicated on the equipment. Except for micro power short-distance radio transmission equipment (the equipment characterised by low transmit power and short transmission distance and intended to cover radio transmitters which provide either unidirectional or bidirectional communication and which have low capability of causing interference to other radio equipment), for the production or import of other radio transmission equipment for domestic sale and use, an application for model confirmation shall be filed with the radio regulatory authority of the state. The model confirmation catalogue of radio transmission equipment shall be released by the radio regulatory authority of the state.

According to the Radio Transmitting Equipment Type Approval Equipment Type and Sample Requirements (《無線電發射設備型號核准設備類型及樣品要求》) issued by the Ministry of Industry and Information Technology, certain of our printing equipment, PDAs, POS terminals and weighing scales with Bluetooth, Wi-Fi, and 4G/5G cellular connectivity are classified as regulated radio transmitting equipment (which is categorised as cellular public network mobile communication terminal equipment and 2.4GHz band wireless local area network equipment). These products have obtained the Radio Transmitting Equipment Type Approval Certificate (《無線電發射設備型號核准證》) as issued by the Ministry of Industry and Information Technology to certify that comply with the provisions of the Radio Regulations of the PRC.

Regulations Relating to Telecommunications Terminal Equipment

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), which was promulgated by the State Council and became effective on 25 September 2000, and recently amended with immediate effect on 6 February 2016, the State has implemented a network access licensing system for telecommunications terminal equipment, radio communications equipment and interconnection equipment. Any telecommunications terminal equipment, radio communications equipment and interconnection equipment connecting to a public network must comply with the standards specified by the State and obtain a network access licence. The list of telecommunications equipment subject to network access licensing shall be formulated, announced and implemented by the information technology administration department of the State Council jointly with the product quality supervision department of the State Council. The product quality supervision department of the State Council shall, in conjunction with the information technology administration department of the State Council, conduct quality tracking and supervisory sampling of telecommunication equipment that has been granted a network access licence.

According to the Interim Measures for the Administration of Network Entry Test of New Telecommunications Equipment (《電信新設備進網試驗管理暫行辦法》) issued by the Ministry of Information Industry on 26 May 2003, which came into effect on the same day, new telecommunications equipment (referring to telecommunications equipment that should be subject to the network entry permit system but do not have any official national standards or industry standards, or are not listed in the Catalogue of the First Batch of Telecommunications Equipment Subject to Network Entry Permit System (《第一批實行進網許可制度的電信設備目錄》) are allowed to enter the network for trial under the condition of conforming to the national industrial policy and not affecting the network security and smooth flow. The Ministry of Information Industry will issue the Telecommunication Equipment Network Access Trial Approval Certificate (《電信設備進網試用批文》) for authorising the use on public networks for trial purposes.

Our products with network access functions such as receipt printers qualify as new telecommunication equipment, and have obtained the Telecommunication Equipment Network Access Trial Approval Certificates which prove that they are permitted to access the public telecommunication network for trial purpose.

Regulations Relating to Measuring Instruments

According to the Metrology Law of the PRC (《中華人民共和國計量法》) promulgated on 6 September 1985 and most recently amended and immediately effective from 26 October 2018, and the Implementing Rules of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》) which was issued on 1 February 1987 and most recently revised on 29 March 2022, and then came into force on 1 May 2022, enterprises and institutions manufacturing measuring instruments must pass the assessment of metrological performance of their samples conducted by the metrological administrative departments of People's Governments at or above the provincial level before they can put into production any new types of measuring instruments that they have not previously manufactured. No entity or individual is permitted to manufacture, sell, or import measuring instruments using non-statutory measurement units in violation of regulations. The metrological administrative departments of People's Governments at or above the county level shall conduct supervision and inspection over the manufacturing, repair, sale, import, and use of measuring instruments, as well as related metrological verification activities in accordance with the law. Relevant entities and individuals shall not refuse or obstruct such inspections.

According to the Measuring Instruments New Product Management Measures (《計量器具新產品管理辦法) as promulgated by SAMR on 10 July 1987 and last amended on 1 June 2023, where a producer, for the purpose of sales, manufactures new measuring instruments that are listed in the Catalogue of Measuring Instruments Subject to Mandatory Administration (《實施強制管理的計量器具目錄》), the new measuring instruments are subject to the regulatory requirement of pattern approval from the provincial-level market regulation department before commencing production.

Our scales belong to the Catalogue of Measuring Instruments Subject to Mandatory Administration and we are required to apply for pattern approval. Our scales have obtained Pattern Approval Certificates for Measuring Instruments (《計量器具型式批准證書》) issued by the Fujian Provincial Market Supervision Administration (福建省市場監督管理局) in accordance with Article 13 of the Metrology Law of the PRC (《中華人民共和國計量法》) and the relevant provisions of the Rules for the Implementation of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》).

As advised by our PRC Legal Advisers, our products have complied with all the applicable PRC regulations on product standards and certification during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider, dedicated to the R&D, design, manufacturing, marketing of speciality printers, scales, POS terminals and PDAs. On 20 December 2010, our Company was founded in the PRC by our executive Directors and Controlling Shareholders, Mr. Xu Kaiming (許開明) and his younger brother, Mr. Xu Kaihe (許開河) with their personal savings where they started to conduct research and development of a wide variety of products including printers and relevant accessories. In 2011, we started to launch our products. Over the past decade, with our dedication in R&D, our product portfolios expanded from printing equipment including specialty printers to scales and POS terminals and PDAs. During the Track Record Period, our products were sold to over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates, and not less than 30 provinces, municipalities and autonomous regions in China.

On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).

Mr. Xu Kaiming has been a Director and Controlling Shareholder of our Company since its establishment and has rich experience in the AIDC devices and solution industry. Together with Mr. Xu Kaihe who has been a Director since October 2019, Mr. Xu Kaiming and Mr. Xu Kaihe contributed their experience and expertise to building up our brand and reputation, and diversifying our product portfolios. For details of the background of Mr. Xu Kaiming and Mr. Xu Kaihe, please refer to the section headed "Directors, Supervisors and Senior Management – Board of Directors – Executive Directors" in this prospectus.

OUR KEY MILESTONES

The key milestones in the development of our Group as set out below:

Year	**Event**
2010	Our Company was established as a limited liability company in the PRC.
2014	Our Company was recognised as a National High and New Enterprise (國家高新技術企業), and such accreditation was subsequently renewed in 2017, 2020 and 2023.
2015	We diversified our product offering to scales.
2017	IMachine, a direct wholly-owned subsidiary of our Company, was established on 15 November 2017, focusing on the sales of POS terminals and PDAs.

Year	Event
2018	We expanded our business to the POS terminal and PDA markets.
2019	Our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).
2021	We were accredited as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), and such accreditation was subsequently renewed in 2024.
2022	Our New Xiamen Base was officially put into use.
	We also established our R&D centre in Wuhan.
2024	We were granted the iF Design Award 2024 and the Red Dot Design Award, which are world-renowned product design awards, for the design of our iMACHINE desktop POS terminal.

CORPORATE DEVELOPMENT

The following sets forth the corporate development and major shareholding changes of our Company and its principal subsidiaries.

Our Company

Our Company was established as a limited liability company in the PRC on 20 December 2010, with an initial registered capital of RMB1 million, of which Mr. Xu Kaiming and Mr. Xu Kaihe, were interested in 95% and 5%, respectively.

Transfer of equity interest by Mr. Xu Kaiming to Mr. Yang Litie (楊禮鐵) and subsequent increase of registered capital

On 20 December 2013, Mr. Xu Kaiming and Mr. Yang Litie entered into an equity transfer agreement for the transfer of 10% equity interest in our Company by Mr. Xu Kaiming to Mr. Yang Litie at a consideration of RMB100,000, which was based on the amount of registered capital of our Company being transferred. The consideration had been duly settled by instalments by September 2017 through arm's length negotiation between the parties taking into account the availability of financial resources of Mr. Yang Litie. Upon the completion of the equity transfer on 27 December 2013, our Company was owned as to 85% by Mr. Xu Kaiming, 10% by Mr. Yang Litie, a former employee of our Group, and 5% by Mr. Xu Kaihe, respectively.

On 14 April 2014, the increase in the registered capital of our Company from RMB1 million to RMB10 million was completed by an increase of RMB9 million, of which RMB7.65 million was subscribed by Mr. Xu Kaiming, RMB0.9 million was subscribed by Mr. Yang Litie and RMB0.45 million was subscribed by Mr. Xu Kaihe. The capital increase was funded by their own personal savings and the consideration had been duly settled in April 2014. The respective equity interests of Mr. Xu Kaiming, Mr. Yang Litie and Mr. Xu Kaihe remained unchanged after the completion of the capital increase.

Increase of registered capital and subscription of registered capital by Xiamen Rongxin and Xiamen Gaoli Hezhong

On 14 December 2017, the increase in the registered capital of our Company from RMB10 million to RMB20 million was completed by an increase of RMB10 million, of which Xiamen Rongxin subscribed for 50% of the equity interest of our Company at a cash consideration of RMB10 million, which was equivalent to the amount of registered capital of our Company being increased. Xiamen Rongxin is a PRC-based limited liability company established by Mr. Xu Kaiming and Mr. Xu Kaihe and since its incorporation, Xiamen Rongxin has been owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe, respectively. The capital increase was funded by the capital injection into Xiamen Rongxin by its shareholders and the consideration had been duly settled in December 2017. Upon the completion of the subscription of registered capital, our Company was owned as to 50% by Xiamen Rongxin, 42.5% by Mr. Xu Kaiming, 5% by Mr. Yang Litie and 2.5% by Mr. Xu Kaihe, respectively.

On 28 December 2017, the increase in the registered capital of our Company from RMB20 million to RMB20,254,600 was completed by an increase of RMB254,600 as a result of the subscription of 1.26% of the equity interest of our Company by Xiamen Gaoli Hezhong. The consideration for the capital subscription was RMB1,018,400, of which RMB254,600 was the contribution to the registered capital of our Company, and the remaining RMB763,800 was credited as the capital reserve of our Company. Xiamen Gaoli Hezhong is a PRC-based limited partnership and one of our employee shareholding platforms. The consideration for the capital subscription was determined through arm's length negotiations between our Company and the participants of the employee shareholding platform with reference to the financial position of our Group for the ten months ended 31 October 2017. The capital increase was funded by the personal funds of the partners of Xiamen Gaoli Hezhong and the consideration had been duly settled in December 2017. Upon the completion of the subscription of registered capital, our Company was owned as to 49.37% by Xiamen Rongxin, 41.96% by Mr. Xu Kaiming, 4.94% by Mr. Yang Litie, 2.47% by Mr. Xu Kaihe, and 1.26% by Xiamen Gaoli Hezhong, respectively.

Increase of registered capital and subscription of registered capital by Xiamen Gaoli Zhongcheng and Mr. Li Cheng (李程)

On 20 December 2018, the increase in the registered capital of our Company from RMB20,254,600 to RMB20,530,600 was completed by capital injection of RMB276,000, of which Xiamen Gaoli Zhongcheng subscribed for 0.71% of the equity interest of our Company at a cash consideration of RMB146,000, and Mr. Li Cheng (李程), a former employee of our Group, subscribed for 0.63% of the equity interest of our Company at a cash consideration of RMB130,000, each of which was equivalent to the amount of registered capital of our Company being increased. The remaining subscription amount invested by Xiamen Gaoli Zhongcheng and Mr. Li Cheng of RMB876,000 and RMB780,000 was credited to the capital reserve of our Company, respectively. Xiamen Gaoli Zhongcheng is a PRC-based limited partnership and one of our employee shareholding platforms. The subscription amount was determined through arm's length negotiations between our Company and the participants of the employee share shareholding platform with reference to the financial position of our Group for the ten months ended 31 October 2018. The capital increase was funded by the personal funds of the partners of Xiamen Gaoli Zhongcheng and Mr. Li Cheng and the consideration had been duly settled in December 2018.

The following table sets forth our equity structure after the above subscription of registered capital:

Holders of equity interest	**Approximate percentage of equity interest held**
Xiamen Rongxin	48.71%
Mr. Xu Kaiming	41.40%
Mr. Yang Litie	4.87%
Mr. Xu Kaihe	2.44%
Xiamen Gaoli Hezhong	1.24%
Xiamen Gaoli Zhongcheng	0.71%
Mr. Li Cheng	0.63%
Total	100%

Transfer of equity interest by Mr. Yang Litie to Mr. Lin Huanan (林樺楠)

On 5 June 2019, Mr. Yang Litie and Mr. Lin Huanan (林樺楠), an Independent Third Party, entered into an equity transfer agreement for the transfer of 3.43% equity interest in our Company by Mr. Yang Litie to Mr. Lin Huanan at a consideration of RMB1.8 million, which was based on arm's length negotiations between Mr. Yang Litie and Mr. Lin Huanan with reference to: (i) the financial position of our Group for the four months ended 30 April 2019; and (ii) the principal amount of investment made by Mr. Yang Litie and the funding needs of Mr. Yang Litie. The consideration had been duly settled in September 2019. Upon the completion of the equity transfer on 8 July 2019, our equity structure was as follows:

Holders of equity interest	**Approximate percentage of equity interest held**
Xiamen Rongxin	48.71%
Mr. Xu Kaiming	41.40%
Mr. Lin Huanan	3.43%
Mr. Xu Kaihe	2.44%
Mr. Yang Litie	1.44%
Xiamen Gaoli Hezhong	1.24%
Xiamen Gaoli Zhongcheng	0.71%
Mr. Li Cheng	0.63%
Total	100%

Conversion into a joint stock company with limited liability

Pursuant to Shareholders' resolutions passed on 25 September 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).

Pursuant to the promoters' agreement dated 25 September 2019 entered into by all the then Shareholders, it was agreed that based on the audited net assets value of our Company as at 31 July 2019, being RMB49,013,071.51, (i) RMB30,000,000 was credited as the registered share capital of our Company and was converted into 30,000,000 Shares of our Company on a one-to-one basis, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion; and (ii) the remaining RMB19,013,071.51 was credited as the capital reserve of our Company (the "**Conversion**"). The Conversion was completed on 28 October 2019 when our Company obtained a new business licence.

The following table sets forth our shareholding structure immediately after the Conversion:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	48.71%
Mr. Xu Kaiming	12,420,000	41.40%
Mr. Lin Huanan	1,029,000	3.43%
Mr. Xu Kaihe	732,000	2.44%
Mr. Yang Litie	432,000	1.44%
Xiamen Gaoli Hezhong	372,000	1.24%
Xiamen Gaoli Zhongcheng	213,000	0.71%
Mr. Li Cheng	189,000	0.63%
Total	30,000,000	100%

April 2021 Investment

Pursuant to an investment agreement dated 11 April 2021 (as supplemented by supplemental agreements dated 12 April 2021 and 24 December 2021 respectively) entered into between Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司) ("**Raycloud Technology**"), our Company and our then Shareholders, Raycloud Technology agreed to subscribe for 333,300 Shares at a consideration of RMB6 million, among which RMB333,300 became registered capital of the Company and RMB5,666,700 became the capital reserve of the Company. The consideration for the capital subscription was based on arm's length negotiations between the parties with reference to: (i) the historical financial and business performance of our Group; (ii) price to earning ratios of companies listed in the PRC in the same industry; and (iii) considering that Raycloud was a company listed in the PRC and was one of our Group's major customers for the year ended 31 December 2020, such capital subscription had been duly settled in May 2021. Upon the completion of the above subscription of shares on 29 April 2021, the registered capital of our Company increased from RMB30,000,000 to RMB30,333,300, and our shareholding structure was as follows:

Shareholders	**Number of Shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	14,613,000	48.17%
Mr. Xu Kaiming	12,420,000	40.95%
Mr. Lin Huanan	1,029,000	3.39%
Mr. Xu Kaihe	732,000	2.41%
Mr. Yang Litie	432,000	1.42%
Xiamen Gaoli Hezhong	372,000	1.23%
Raycloud Technology	333,300	1.10%
Xiamen Gaoli Zhongcheng	213,000	0.70%
Mr. Li Cheng	189,000	0.62%
Total	30,333,300	100%

May 2021 Investment

Pursuant to an investment agreement dated 6 May 2021 (as supplemented by a supplemental agreement dated 27 December 2021) entered into between Xiamen Yijiayi Investment Co., Ltd.* (廈門壹佳頤投資有限公司) ("**Xiamen Yijiayi**"), Xiamen Shangzhi Lianyao Architectural Engineering Design Co., Ltd.* (廈門上智聯耀建築工程設計有限公司) ("**Xiamen Shangzhi Lianyao**"), Jiangsu Zhanbo Industrial Automation Technology Co., Ltd.* (江蘇展博工業自動化科技有限公司) ("**Jiangsu Zhanbo**"), Xiamen Chengfeng Junhua Supply Chain Management Co., Ltd.* (廈門成豐君華供應鏈管理有限公司) ("**Xiamen Chengfeng Junhua**"), Xiamen Jiayi Junde Management Consulting Co., Ltd.* (廈門嘉熠君德管理諮詢有限公司) ("**Xiamen Jiayi Junde**"), our Company and our then Shareholders, the abovementioned Pre-IPO Investors agreed to subscribe for a total number of 1,925,100 Shares at a total consideration of RMB37,597,100, among which RMB1,925,100 became registered capital of the Company and RMB35,672,000 became the capital reserve of the Company. The consideration was based on arm's length negotiations between the parties with reference to the historical consideration for the capital subscription and business performance of our Group and had been duly settled in June 2021.

The respective subscription amount and consideration paid by the relevant Pre-IPO Investors were as follows:

Subscribers	**Number of Shares subscribed for**	**Registered capital subscribed for**	**Consideration paid**
		(RMB)	*(RMB)*
Xiamen Yijiayi	1,290,300	1,290,300	25,200,000
Xiamen Shangzhi Lianyao	381,500	381,500	7,450,000
Jiangsu Zhanbo	202,100	202,100	3,947,100
Xiamen Chengfeng Junhua	30,700	30,700	600,000
Xiamen Jiayi Junde	20,500	20,500	400,000
Total	1,925,100	1,925,100	37,597,100

Upon the completion of the above subscription of Shares on 10 May 2021, the registered capital of our Company was increased from RMB30,333,300 to RMB32,258,400, and our shareholding structure was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	45.30%
Mr. Xu Kaiming	12,420,000	38.50%
Xiamen Yijiayi	1,290,300	4.00%
Mr. Lin Huanan	1,029,000	3.19%
Mr. Xu Kaihe	732,000	2.27%
Mr. Yang Litie	432,000	1.34%
Xiamen Shangzhi Lianyao	381,500	1.18%
Xiamen Gaoli Hezhong	372,000	1.15%
Raycloud Technology	333,300	1.03%
Xiamen Gaoli Zhongcheng	213,000	0.66%
Jiangsu Zhanbo	202,100	0.63%
Mr. Li Cheng	189,000	0.59%
Xiamen Chengfeng Junhua	30,700	0.10%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,258,400	100%

Transfer of Shares by Mr. Li Cheng to Mr. Xu Kaihe

On 28 July 2021, Mr. Li Cheng and Mr. Xu Kaihe entered into a share transfer agreement for the transfer of 189,000 Shares in our Company by Mr. Li Cheng to Mr. Xu Kaihe at a consideration of RMB1,025,266.67, which was based on arm's length negotiations between Mr. Li Cheng and Mr. Xu Kaihe, with reference to the historical financial and business performance of our Group and the principal amount of investment made by Mr. Li Cheng (together with an annualised interests rate with reference to the then bank interest rate). The consideration had been duly settled in July 2021. After this transfer, our shareholding structure of the Company was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	45.30%
Mr. Xu Kaiming	12,420,000	38.50%
Xiamen Yijiayi	1,290,300	4.00%
Mr. Lin Huanan	1,029,000	3.19%
Mr. Xu Kaihe	921,000	2.86%
Mr. Yang Litie	432,000	1.34%
Xiamen Shangzhi Lianyao	381,500	1.18%
Xiamen Gaoli Hezhong	372,000	1.15%
Raycloud Technology	333,300	1.03%
Xiamen Gaoli Zhongcheng	213,000	0.66%
Jiangsu Zhanbo	202,100	0.63%
Xiamen Chengfeng Junhua	30,700	0.10%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,258,400	100%

December 2021 Investment

Pursuant to an investment agreement dated 8 December 2021 entered into between Xiamen Yijiayi, Xiamen Chengfeng Junhua, Xiamen Gaoli Zhongcheng, our Company and our then Shareholders, the abovementioned Pre-IPO Investors agreed to subscribe for a total number of 474,400 Shares at a total consideration of RMB6,416,500, among which RMB2,628,600 became registered capital of the Company and RMB3,787,900 became the capital reserve of the Company. The consideration was based on arm's length negotiations between the parties, the historical financial and business performance of our Group and the financial position of our Group for the ten months ended 31 October 2021 and had been duly settled in December 2021.

The respective subscription amount and consideration paid by the relevant Pre-IPO Investors were as follows:

Subscribers	Number of Shares subscribed for	Consideration paid *(RMB)*
Xiamen Yijiayi	148,500	2,900,000
Xiamen Chengfeng Junhua	122,900	2,400,000
Xiamen Gaoli Zhongcheng	203,000	1,116,500
Total	474,400	6,416,500

Upon the completion of the above subscription of registered capital on 20 December 2021, the registered capital of our Company increased from RMB32,258,400 to RMB32,732,800, and our shareholding structure was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	44.64%
Mr. Xu Kaiming	12,420,000	37.94%
Xiamen Yijiayi	1,438,800	4.40%
Mr. Lin Huanan	1,029,000	3.14%
Mr. Xu Kaihe	921,000	2.81%
Mr. Yang Litie	432,000	1.32%
Xiamen Gaoli Zhongcheng	416,000	1.27%
Xiamen Shangzhi Lianyao	381,500	1.17%
Xiamen Gaoli Hezhong	372,000	1.14%
Raycloud Technology	333,300	1.02%
Jiangsu Zhanbo	202,100	0.62%
Xiamen Chengfeng Junhua	153,600	0.47%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,732,800	100%

Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin

On 10 October 2022, Xiamen Yijiayi and Xiamen Rongxin entered into a share transfer agreement pursuant to which, Xiamen Yijiayi agreed to transfer to Xiamen Rongxin 1,438,800 Shares at a consideration of RMB31,549,000, which was based on (i) the previous Shareholders agreement; (ii) valuation report of our Group with basis data as at 31 August 2022; and (iii) the commercial negotiations between Xiamen Yijiayi and Xiamen Rongxin.

On 13 October 2022, Xiamen Shangzhi Lianyao and Xiamen Rongxin entered into a share transfer agreement pursuant to which Xiamen Shangzhi Lianyao agreed to transfer to Xiamen Rongxin 381,500 Shares at a consideration of RMB7,878,900, which was based on (i) the previous Shareholders agreement; (ii) valuation report of our Group with basis data as at 31 August 2022; and (iii) the commercial negotiations between Xiamen Shangzhi Lianyao and Xiamen Rongxin.

The investments of Xiamen Yijiayi and Xiamen Shangzhi Lianyao in our Company were based on the agreement that our Company would file a listing application on one of the stock exchanges in the PRC. For reasons as set out in the paragraph headed "Previous A Share Listing Attempt" in this section of this prospectus, our Company did not proceed with the filing of the listing application in the PRC. As a result, Xiamen Yijiayi and Xiamen Shangzhi Lianyao requested to withdraw their investments and transfer their Shares to Xiamen Rongxin. The consideration had been duly settled in October 2022.

Upon the completion of the above transfers of Shares on 18 October 2022, our Company's shareholding structure was as follows:

Shareholders	**Number of Shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	16,433,300	50.20%
Mr. Xu Kaiming	12,420,000	37.94%
Mr. Lin Huanan	1,029,000	3.14%
Mr. Xu Kaihe	921,000	2.81%
Mr. Yang Litie	432,000	1.32%
Xiamen Gaoli Zhongcheng	416,000	1.27%
Xiamen Gaoli Hezhong	372,000	1.14%
Raycloud Technology	333,300	1.02%
Jiangsu Zhanbo	202,100	0.62%
Xiamen Chengfeng Junhua	153,600	0.47%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,732,800	100%

Bonus issue by way of conversion of capital reserve in our Company

On 15 June 2023, pursuant to a shareholders' resolution, the Share capital of our Company increased from RMB32,732,800 to RMB80,000,000 as a result of conversion of capital reserve into registered capital. Upon completion of the said conversion on 18 July 2023, our Company's shareholding structure was as follows:

Shareholders	Number of shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	40,163,505	50.21%
Mr. Xu Kaiming	30,354,873	37.94%
Mr. Lin Huanan	2,514,909	3.14%
Mr. Xu Kaihe	2,250,953	2.81%
Mr. Yang Litie	1,055,822	1.32%
Xiamen Gaoli Zhongcheng	1,016,717	1.27%
Ziamen Gaoli Hezhong	909,180	1.14%
Raycloud Technology	814,596	1.02%
Jiangsu Zhanbo	493,939	0.62%
Xiamen Chengfeng Junhua	375,403	0.47%
Xiamen Jiayi Junde	50,103	0.06%
Total	80,000,000	100.00%

Repurchase of Shares by our Company and Capital Reduction

On 14 March 2024, our Company completed the repurchase of 3,667,000 Shares, representing approximately 4.58% of the issued capital before repurchase in our Company, from Xiamen Rongxin (the "**Repurchased Shares**") at a total consideration of RMB32,489,620, which was with reference to the historical transfer of shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin on October 2022. The repurchase of Shares from Xiamen Rongxin was principally conducted for the settlement of the loan due from Xiamen Rongxin to the Company in the aggregate amount of approximately RMB32.5 million. As at the Latest Practicable Date, all of the amounts due from our Controlling Shareholders had been settled and offset in full by way of repayment and reduction of share capital. For details of the loan, please refer to the section headed "Financial Information – Description of Selected Items of Consolidated Statements of Financial Position – Amounts due from related parties".

On 21 January 2024, all of the then shareholders of our Company resolved to cancel the Repurchased Shares and to reduce the share capital of our Company in the shareholders' meeting of our Company and entered into an agreement in relation to the reduction of share capital of our Company. On 14 March 2024, the registered capital of our Company was reduced from RMB80,000,000 to RMB76,333,000 by way of reduction in number of issued Shares. Immediately after the reduction, our Company's shareholding structure was as follows and remained unchanged immediately prior to the completion of the Global Offering:

Shareholders	Number of shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	36,496,505	47.81%
Mr. Xu Kaiming	30,354,873	39.77%
Mr. Lin Huanan	2,514,909	3.29%
Mr. Xu Kaihe	2,250,953	2.95%
Mr. Yang Litie	1,055,822	1.38%
Xiamen Gaoli Zhongcheng	1,016,717	1.33%
Xiamen Gaoli Hezhong	909,180	1.19%
Raycloud Technology	814,596	1.07%
Jiangsu Zhanbo	493,939	0.65%
Xiamen Chengfeng Junhua	375,403	0.49%
Xiamen Jiayi Junde	50,103	0.07%
Total	76,333,000	100%

Our Subsidiaries

As at the Latest Practicable Date, we had four subsidiaries in the PRC, one subsidiary in Singapore, one subsidiary in Malaysia and one branch office located at Wuhan.

Xingbang Trade

Xingbang Trade was established as a limited liability company in the PRC on 19 October 2015, with an initial registered capital of RMB1 million. It is principally engaged in sales of our AIDC devices.

On 18 August 2016, (i) an Independent Third Party and Mr. Xu Kaiming entered into an equity transfer agreement for the transfer of 50% equity interest in Xingbang Trade to Mr. Xu Kaiming at a consideration of RMB0.5 million; (ii) an Independent Third Party and Mr. Xu Kaiming entered into an equity transfer agreement for the transfer of 45% equity interest in Xingbang Trade to Mr. Xu Kaiming at a consideration of RMB0.45 million; and (iii) an Independent Third Party and Mr. Wang Dongbo (王東波), a former employee of our Group, entered into an equity transfer agreement for the transfer of 5% equity interest in Xingbang Trade to Mr. Wang Dongbo at a consideration of RMB50,000. The consideration of the above equity transfers were based on the amount of registered capital of Xingbang Trade being transferred. Upon the completion of the equity transfer on 5 December 2016, Xingbang Trade was owned as to 95% by Mr. Xu Kaiming and 5% by Mr. Wang Dongbo, respectively.

On 18 December 2017, each of Mr. Xu Kaiming and Mr. Wang Dongbo entered into an equity transfer agreement with our Company for the transfer of their 95% and 5% equity interest in Xingbang Trade to our Company, at a consideration of RMB256,500 and RMB13,500, respectively. The consideration of the above equity transfers was based on the amount of registered capital of Xingbang Trade being transferred. Following the completion of the equity transfer on 20 December 2017, Xingbang Trade has been a direct wholly-owned subsidiary of our Company and its registered capital of RMB1 million remained unchanged up to the Latest Practicable Date.

IMachine

IMachine was established as a limited liability company in the PRC on 15 November 2017, with an initial registered capital of RMB5 million which remained unchanged up to the Latest Practicable Date. It is principally engaged in the sales of POS terminals and PDAs.

Rongta Trade

Rongta Trade was established as a limited liability company in the PRC on 15 December 2017, with an initial registered capital of RMB1 million, of which Mr. Xu Kaiming and Mr. Wang Dongbo were interested in 95% and 5%, respectively. It is principally engaged in the sales of our AIDC devices.

On 29 December 2017, our Company acquired 95% interest and 5% interest in Rongta Trade from Mr. Xu Kaiming and Mr. Wang Dongbo at a consideration of RMB0.95 million and RMB0.05 million, respectively, which was based the amount of registered capital of Rongta Trade being transferred. Since then, Rongta Trade has been a direct wholly-owned subsidiary of our Company. On 24 December 2019, Rongta Trade was renamed from Xiamen Wanfang Tianxia Trading Co., Ltd.* (廈門市萬方天下貿易有限公司) to Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司). Pursuant to a shareholder's resolution dated 19 February 2020, our Company would inject further capital into Rongta Trade and the registered capital of Rongta Trade was further increased to RMB10 million.

Rongta LiZhong

Rongta LiZhong was established as a limited liability company in the PRC on 4 March 2021, with an initial registered capital of RMB1 million, of which Rongta Trade was interested in the entire equity interest and remained unchanged up to the Latest Practicable Date. It is principally engaged in sales of our scales.

Rongta (SG)

Rongta (SG) was established as a private company limited by shares in Singapore on 20 January 2025, with an issued share capital of US$5,000,000, of which it is wholly owned by our Company and remained unchanged up to the Latest Practicable Date. It is principally engaged in wholesale, trade and investment holding. As at the Latest Practicable Date, Rongta (SG) had not commenced business operations.

Rongta (Malaysia)

Rongta (Malaysia) was incorporated as a private limited company by shares in Malaysia on 12 February 2025, with a total issued share capital of RM1.0, of which it is wholly owned by Rongta (SG) and remained unchanged up to the Latest Practicable Date. It is principally engaged in manufacturing of measuring, testing, navigating and control equipment, peripheral equipment and computers. As at the Latest Practicable Date, Rongta (Malaysia) had not commenced business operations.

PRC Legal Advisers' Confirmation

Our PRC Legal Advisers have confirmed that the corporate development and major shareholding changes of our Company and its subsidiaries, including but not limited to the increases and reduction in registered capital, equity transfers and share transfers, share repurchase, and our Company's conversion into joint stock company as described above had been properly and legally completed, all applicable regulatory approvals were obtained and have complied with all applicable PRC laws and regulations in all material aspects.

EMPLOYEE SHARE OWNERSHIP PLANS

In recognition of the contributions of our employees and to provide incentives that align the interests of our Company and employees, we have approved and adopted equity incentive schemes since 2017. As part of the arrangements under the equity incentive schemes, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng were established in the PRC as our employee shareholding platforms.

Xiamen Gaoli Hezhong was established as a limited partnership established in the PRC on 17 November 2017. Mr. Xu Kaiming is the sole general partner of Xiamen Gaoli Hezhong, holding 0.39% interests in Xiamen Gaoli Hezhong, and is responsible for its management. As at the Latest Practicable Date, Xiamen Gaoli Hezhong was owned by the limited partners as to 13.67% by Mr. Xu Kaihe, 10.29% by Mr. Fu Jianfang (傅劍芳) (a Supervisor), 8.05% by Ms. Chai Ling (柴菱) (a Supervisor), 7.86% by Mr. Hu Zunfa (胡遵法) (a secretary to the Board, a joint company secretary and a member of senior management of our Company), 7.78% by Ms. Lin Yanqin (林燕琴) (an executive Director), 6.28% by Ms. Lin Cheng (林成) (a member of the senior management of our Company), 6.13% by Mr. Chen Zhichuan (陳志川) (chief financial officer of our Company), 5.11% by Mr. Jiang Jingtao (江靜濤) (a Supervisor) and 34.44% by other 22 employees of our Group who were Independent Third Parties. None of the above partners holds more than 30% interests in Xiamen Gaoli Hezhong as at the Latest Practicable Date.

As at the Latest Practicable Date, Xiamen Gaoli Hezhong held 909,180 Shares, representing approximately 1.19% equity interest in our Company.

Xiamen Gaoli Zhongcheng was established as a limited partnership established in the PRC on 20 November 2018. Mr. Xu Kaihe is the sole general partner of Xiamen Gaoli Zhongcheng, holding 4.91% interests in Xiamen Gaoli Zhongcheng and is responsible for its management. As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng was owned by the limited partners as to 10.28% by Ms. Chai Ling (a Supervisor), 7.02% by Mr. Fu Jianfang (a Supervisor), 5.37% by Ms. Lin Yanqin (an executive Director), 4.51% by Mr. Hu Zunfa (a secretary to the Board, a joint company secretary and a member of the senior management of our Company), 4.00% by Ms. Lin Cheng (a member of the senior management of our Company), 3.88% by Mr. Jiang Jingtao (a Supervisor), 1.31% by Mr. Xu Kaiming, 0.51% by Mr. Chen Zhichuan (the chief financial officer of the Company), and 58.21% by other 25 employees of our Group who were Independent Third Parties. None of the above partners holds more than 30% interests in Xiamen Gaoli Zhongcheng as at the Latest Practicable Date.

As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng held 1,016,717 Shares, representing approximately 1.33% equity interest in our Company.

Voting arrangements of Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng

According to the respective partnership agreements, the general partners of Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng shall be responsible for the daily operation and management of the partnerships and therefore the general partners shall have control over the partnerships. For matters which concern the rights and responsibilities of the limited partners, each general and limited partner of the Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng shall have one vote for matters to be determined for the respective partnership at the partners' meeting and the matters shall be passed by a simple majority of votes. Matters involving a fundamental change of operational and management model and financial arrangement of the partnership shall be passed by a unanimous vote, which include:

(i) changing the name of the partnership;

(ii) changing the scope of business of the partnership and the location of the principal place of business;

(iii) disposing of the real estate of the partnership;

(iv) transferring or disposing of the intellectual property rights and other property rights of the partnership;

(v) providing guarantees for other persons in the name of the partnership; and

(vi) engaging persons other than the partners to manage the partnership.

As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng held 1,016,717 Shares, representing approximately 1.33% equity interest in our Company.

For details of the employee share ownership plan, please refer to the section headed "Appendix VII – Statutory and General Information – E. Employee Share Ownership Plans" in this prospectus.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the ChiNext market of the Shenzhen Stock Exchange in the PRC (the "**A Share Listing Attempt**"). On 25 June 2021, our Company had engaged Sinolink Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. The Tutoring Agency filed six tutoring reports to the CSRC from time to time in respect of the progress of its preliminary guidance and tutoring services in accordance with the relevant CSRC guidelines on our major operational and financial condition, corporate governance and internal control measures. The engagement of the Tutoring Agency had been terminated in April 2023. Our Directors confirm that, which our PRC Legal Advisers concur, the tutoring reports filings did not contain any material information which has to be brought to the attention of the Stock Exchange and potential investors and the CSRC did not raise any comments in respect of the tutoring reports and the A Share Listing Attempt. As advised by our PRC Legal Advisers, submission of the tutoring reports did not constitute a formal listing application and no formal listing application had been made to any stock exchange in the PRC.

Having considered that (i) the number of the enterprises that were undergoing the tutoring arrangement in Xiamen at the material time which may impose uncertainties with respect to the timetable for completing the A share listing; (ii) the Stock Exchange, as a leading player of the international financial markets, could offer us direct access to tap in the international capital markets and broaden our Shareholders base; and (iii) the Listing will further raise our corporate governance, brand awareness and business profile, our Directors decided to apply for a listing on the Stock Exchange. Our Directors confirm that the Company has no dispute or disagreement with the Tutoring Agency, and they are not aware of any other matters that need to be brought to the attention of the Stock Exchange and potential investors.

Based on the due diligence work conducted by the Sole Sponsor including, among others, (i) conducting interviews with Mr. Xu Kaiming, the executive Director, chairman of the Board, president and general manager, and the professional parties engaged in connected with the A Share Listing Attempt, (ii) reviewing the engagement letters and termination letters of the professional parties engaged in connected with the A Share Listing Attempt, and (iii) discussing with the PRC legal advisers as to the Sole Sponsor to understand the applicable PRC rules and regulations in relation to the A Share Listing Attempt and the termination procedure of the professional parties, the Sole Sponsor confirms that it is not aware of any dispute or disagreement between the Company and the Tutoring Agency, and nothing in relation to the A Share Listing Attempt should be brought to the attention of the Stock Exchange and potential investors.

PRE-IPO INVESTMENTS

Principal terms of the Pre-IPO Investments

Between April 2021 to December 2021, our Company obtained several rounds of investments from the Pre-IPO Investors through subscriptions for increased registered capital of our Company. The following table summarises the principal terms of the Pre-IPO Investments to our Company made by the Pre-IPO Investors:

Name of investors	Raycloud Technology	Xiamen Yijiayi, Xiamen Shangzhi Lianyao, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde	Xiamen Yijiayi and Xiamen Chengfeng Junhua
Date of investment agreements and supplemental investment agreements (if any)	11 April 2021, 12 April 2021 and 24 December 2021	6 May 2021 and 27 December 2021	8 December 2021
Number of Shares subscribed/acquired	333,300	Xiamen Yijiayi: 1,290,300 Xiamen Shangzhi Lianyao: 381,500 Jiangsu Zhanbo: 202,100 Xiamen Chengfeng Junhua: 30,700 Xiamen Jiayi Junde: 20,500	Xiamen Yijiayi: 148,500 Xiamen Chengfeng Junhua: 122,900
Amount of consideration paid	RMB6 million	Xiamen Yijiayi: RMB25,200,000 Xiamen Shangzhi Lianyao: RMB7,450,000 Jiangsu Zhanbo: RMB3,947,100 Xiamen Chengfeng Junhua: RMB600,000 Xiamen Jiayi Junde: RMB400,000	Xiamen Yijiayi: RMB2,900,000 Xiamen Chengfeng Junhua: RMB2,400,000
Date of which investment was settled	8 May 2021	10 June 2021	23 December 2021

Approximate investment cost per Share	RMB18.00 (equivalent to approximately HK$19.48)	RMB19.53 (equivalent to approximately HK$21.14)	RMB19.53 (equivalent to approximately HK$21.14)
Discount to the Offer Price *(Note 1)*	Representing a discount of approximately 47.6% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus) *(Note 3)*	Representing a discount of approximately 39.6% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus)	Representing a discount of approximately 38.7% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus)
Post-money valuation of our Company	RMB546.1 million	RMB629.8 million *(Note 2)*	RMB639.2 million *(Note 2)*
Special rights	N/A	N/A	N/A
Lock-up period	Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) of our Company could not dispose of any of the Shares held by them. Pursuant to each of the Pre-IPO Investment, the Pre-IPO Investors had undertaken not to dispose of the Shares within 6 months from the date of Listing.		
Use of proceeds	The proceeds will be utilised to fulfil normal operation needs of the Company, supplement general working capital of the Company or such purposes to be unanimously agreed by all shareholders of the Company . As at the Latest Practicable date, the proceeds from the Pre-IPO investments had been fully utilised.		
Strategic benefits to our Company	Our Directors are of the view that (i) our Group can benefit from the Pre-IPO Investors' commitment to our Group and their investment demonstrate their confidence in the operation of our Group and serves as an endorsement of our Group's performance and prospect; and (ii) the acquisition of shares of our Company by the Pre-IPO Investor from other minority shareholders of our Company could facilitate the Listing and our Reorganisation by providing opportunities for the then existing Shareholders who do not wish to participate in the Listing to exit.		

Notes:

1. The amount is calculated based on the post-money valuation for each Pre-IPO Investment divided by the market capitalisation of our Company upon listing minus one.

2. The valuations of each Pre-IPO Investments are separately negotiated between the relevant parties, through arm's length negotiations and based on various factors such as business prospects of our Group, market condition, market price-to-earnings ratio of comparable companies and previous valuations at the relevant time.

Approximate percentage of shareholding held by the Pre-IPO Investor(s) immediately after the Pre-IPO Investment	1.10%	5.97%[1]	4.86%[2]
Approximate percentage of the Pre-IPO Investor(s) upon Listing[3]	0.80%	0.90%[1]	0.37%[2]

Notes:

1. Each of Xiamen Yijiayi and Xiamen Shangzhi Lianyao sold their equity interest in our Company to Xiamen Rongxin in October 2022 and no longer held any interest in our Shares as at the Latest Practicable Date. Please refer to the paragraph headed "Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this section for details of their transfers. As such, the shareholding held by the Pre-IPO Investor(s) upon Listing refers to that held by Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde in aggregate upon Listing and the discount to the Offer Price is calculated with reference to that of Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde only.

2. Xiamen Yijiayi sold its equity interest in our Company to Xiamen Rongxin in October 2022 and no longer held any interest in our Shares as at the Latest Practicable Date. Please refer to the paragraph headed "Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this section for details of their transfers. As such, the shareholding held by the Pre-IPO Investor(s) upon Listing refers to that held by Xiamen Chengfeng Junhua upon Listing and the discount to the Offer Price is calculated with reference to that of Xiamen Chengfeng Junhua only.

3. Without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

Information about the Pre-IPO Investors

Raycloud Technology

Raycloud Technology is a joint stock company with limited liability established in the PRC on 29 August 2013, and is listed on the Sci-tech Innovation Board of the Shanghai Stock Exchange (stock code: 688365). It is principally engaged in the provision of SaaS (Software as a Service) products and value-added products and services such as supporting hardware and operation services to e-commerce platform operators. During the Track Record Period, our Company sold its products to two of the group companies of Raycloud Technology (the "**Raycloud Technology Group**") and Raycloud Technology Group was one of our Company's top five customers for each of FY2022, FY2023 and FY2024.

Xiamen Yijiayi

Xiamen Yijiayi is a limited liability company established in the PRC on 22 December 2020. As at the Latest Practicable Date, it was owned as to 99% by Mr. Weng Yingjia (翁英加) and 1% by Mr. Weng Zhenzuo (翁振作). It is principally engaged in investment activities. To the best of the knowledge, information and belief of our Directors, Xiamen Yijiayi, Mr. Weng Yingjia and Mr. Weng Zhenzuo are Independent Third Parties.

Xiamen Shangzhi Lianyao

Xiamen Shangzhi Lianyao is a limited liability company established in the PRC on 5 July 2011. As at the Latest Practicable Date, it was owned as to 80% by Mr. Hu Dawei (胡大偉) and 20% by Ms. Hu Xiuqing (胡秀清). It is principally engaged in construction design. To the best of the knowledge, information and belief of our Directors, Xiamen Shangzhi Lianyao, Mr. Hu Dawei and Ms. Hu Xiuqing are Independent Third Parties.

Jiangsu Zhanbo

Jiangsu Zhanbo is a limited liability company established in the PRC on 26 April 2021. As at the Latest Practicable Date, it was owned as to 98% by Mr. Pan Baogang (潘保剛) and 2% by Ms. Yuan Lanfang (袁蘭芳). It is principally engaged in technical services and development. To the best of the knowledge, information and belief of our Directors, Jiangsu Zhanbo, Mr. Pan and Ms. Yuan are Independent Third Parties.

Xiamen Chengfeng Junhua

Xiamen Chengfeng Junhua is a limited liability company established in the PRC on 11 March 2021. As at the Latest Practicable Date, it was owned as to approximately 98% by Mr. Yang Jundu (楊俊犢) and 2% by Mr. Wang Maodan (王毛旦). It is principally engaged in the provision of supply chain management services. To the best of the knowledge, information and belief of our Directors, Xiamen Chengfeng Junhua, Mr. Yang and Mr. Wang are Independent Third Parties. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners.

Xiamen Jiayi Junde

Xiamen Jiayi Junde is a limited liability company established in the PRC on 18 March 2021. As at the Latest Practicable Date, it was owned as to 98% by Mr. Yang Jundu (楊俊犢) and 2% by Mr. Wang Maodan (王毛旦). It is principally engaged in the provision of business management consulting services. To the best of the knowledge, information and belief of our Directors, Xiamen Jiayi Junde, Mr. Yang and Mr. Wang are Independent Third Parties. Xiamen Jiayi Junde and Xiamen Chengfeng Junhua have the same ultimate beneficial owners.

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application in relation to the Listing to the Stock Exchange; and (ii) the special rights granted to the Pre-IPO Investors have been terminated or will cease to be effective and be discontinued upon the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants on pre-IPO investments issued by the Stock Exchange.

PUBLIC FLOAT

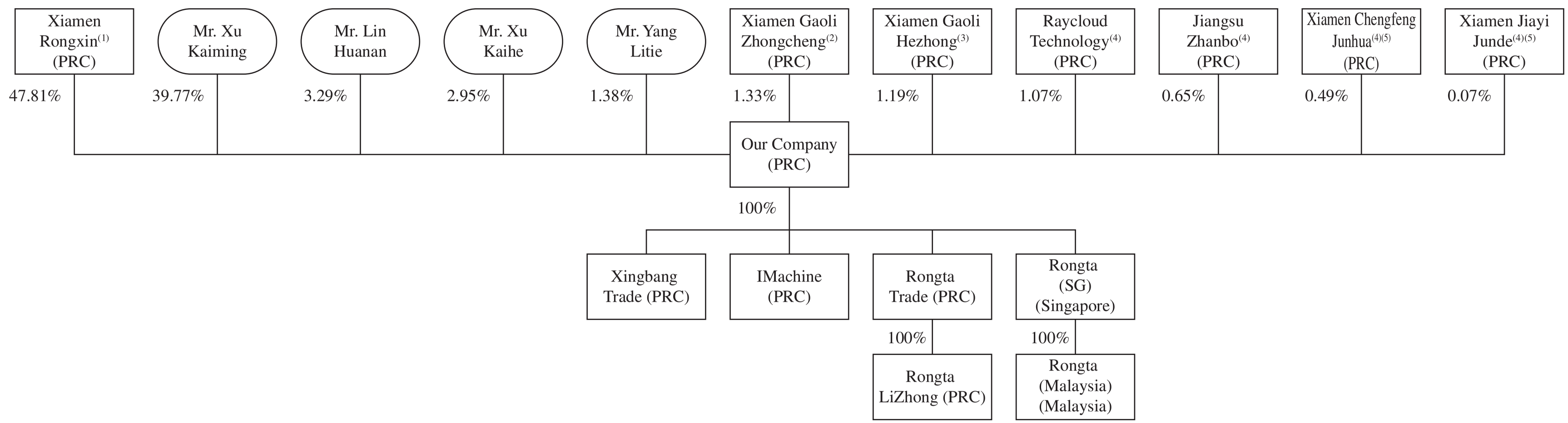
Upon completion of the Global Offering and the conversion of the Domestic Shares into H Shares, 76,333,000 Domestic Shares will be converted into H Shares and listed on the Stock Exchange. Upon completion of the Global Offering and the conversion of Unlisted Shares into H Shares, the H Shares held by certain of our Shareholders, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

- Xiamen Rongxin is one of our Controlling Shareholders and the 36,496,505 H Shares held by it will not be counted towards the public float;
- Mr. Xu Kaiming is one of our Controlling Shareholders and our executive Directors and the 30,354,873 H Shares held by him will not be counted towards the public float;
- Mr. Xu Kaihe is one of our Controlling Shareholders and our executive Directors and the 2,250,953 H Shares held by him will not be counted towards the public float;
- Xiamen Gaoli Zhongcheng is an employee shareholding platform controlled by Mr. Xu Kaihe, being a general partner of Xiamen Gaoli Zhongcheng and therefore the 1,016,717 H Shares held by Xiamen Gaoli Zhongcheng will not be counted towards the public float; and
- Xiamen Gaoli Hezhong is an employee shareholding platform controlled by Mr. Xu Kaiming, being a general partner of Xiamen Giaoli Hezhong and therefore the 909,180 H Shares held by Xiamen Gaoli Hezhong will not be counted towards the public float.

To the best knowledge of our Director, save as disclosed above, upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and conversion of Domestic Shares into H Shares, 23,704,772 H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately 25.02% of our total issued Shares, will be counted towards the public float, which is in compliance with the requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure as at the Latest Practicable Date and immediately before completion of the Global Offering:



Notes:

1. Xiamen Rongxin is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe.

2. Xiamen Gaoli Zhongcheng is an employee shareholding platform of our Group and Mr. Xu Kaihe is the sole general partner of the partnership.

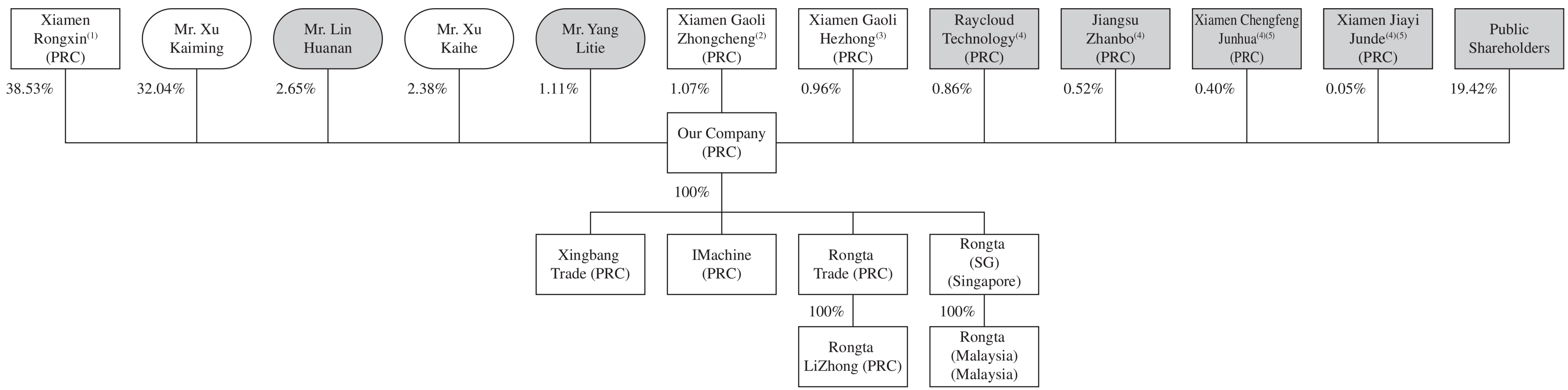
3. Xiamen Gaoli Hezhong is an employee shareholding platform of our Group and Mr. Xu Kaiming is the sole general partner of the partnership.

4. For details of the shareholders of Raycloud Technology, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

5. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners. For details, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure immediately after the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes:

1. Xiamen Rongxin is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe.

2. Xiamen Gaoli Zhongcheng is an employee shareholding platform of our Group and Mr. Xu Kaihe is the sole general partner of the partnership.

3. Xiamen Gaoli Hezhong is an employee shareholding platform of our Group and Mr. Xu Kaiming is the sole general partner of the partnership.

4. For details of the shareholders of Raycloud Technology, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

5. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners. For details, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

6. Shareholders shaded in grey denotes shares held in public hands.

7. Save and except the Shareholders who subscribed for Shares under the Global Offering, all other Shareholders are subject to a lock up period of 12 months following the Listing Date as required by applicable PRC laws.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of printing equipment, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like IoT technology, cloud-based printing and AI integration. In addition to our ability to provide customised products tailored to our customers' specific requirements, as at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. During the Track Record Period, our products were sold to over 140 countries.

Our Group was founded in 2010 focusing on developing specialty printers such as receipt printers and barcode label printers for the retail industry. These printers aim at streamlining sales process, improving customer experience and reducing error in handling retail transactions. Based on market research or customers' request, we also identified market needs in other industries, including logistics, warehousing and manufacturing industries. The market size of the global specialty printer increased from US$2.4 billion in 2018 to US$2.9 billion in 2023, representing a CAGR of 3.9% and is expected to grow at a CAGR of 3.8% from 2024 to 2028 with sustained growth of the retail industry in terms of sales value, according to Frost & Sullivan. Leveraging our solid foundation and market position, we believe that we will be able to seize the market growth and opportunity in the global specialty printer market.

Meanwhile, we started to expand our size of operation by extending our product offering to scales. There has been a significant increase in demand for efficient automated retail solutions including AIDC system in recent years, driven by favourable market drivers including growing retail sales of fast-moving consumer goods and increasing adoption of automation and digitalisation in retail settings. Based on our expertise in printing technology, we have expanded our business to the scale market since 2015.

Through years of operation, we have established ties with customers in retail, catering, logistics, warehousing, manufacturing and hospitality industries. We have expanded our business to POS terminal and PDA market since 2018 as we noticed the market demand for, among others, digitalisation of transaction process, store management and inventory tracking. We developed POS terminals with built-in printing modules, cameras, and NFC readers in response to customers' specific requests, among others, in automation, reduction in operation costs, data management and transaction management for application in a variety of sectors. Our specialty printers and PDAs also allow users in logistics, warehousing and manufacturing industries to track real-time inventory location and status, manage packages by printing and tracking labels and barcodes and centralise data management and analysis.

We are dedicated to continuing our expansion in designing and developing new and advanced AIDC devices and solutions through industry diversification. In 2020, we expanded to the education industry and collaborated with Customer Group A, a smart education device provider engaging in the sales of a leading brand of portable study printers in the PRC, to develop portable study printers equipped with Optical Character Recognition (OCR) text recognition and text editing functions, which are designed for students to access study materials and prepare study exercises and notes. We are one of the primary suppliers to Customer Group A, and according to Frost & Sullivan, we recorded a market share of 13.9% in terms of production value in the supply of portable study printers in the PRC in 2023. In 2022, we started to manufacture and sell AI scales with AI visual product recognition technology, enabling users to recognise and weigh retail products automatically, instantly and accurately in supermarkets and print price labels efficiently. In 2023, we diversified to the medical industry by producing the medical wristband label printer, which is an antibacterial printer equipped with the feature of NFC out-of-paper auto detection to print high frequency RFID wristband for patients. Furthermore, in an effort to extend our presence to the environmental industry, in 2023, we developed the hazardous waste label printer, which can connect to the national or local hazardous waste treatment platform to print labels with specific hazardous sign.

Over years of operation, we have developed capability to design and develop customised products in response to our customers' specific requests and needs, which allows our products to be applied in a variety of sectors, including retail, education, catering, logistics, warehousing, manufacturing, medical, environmental and other industries. Our business model is a combination of sales of standardised "RONGTA" and "iMACHINE" branded products and sales of customised products, both domestically and internationally. We believe that our comprehensive product offering is able to provide one-stop AIDC solutions and facilitates digital upgrade of our customers' businesses. The global AIDC devices market by sales value increased from US$60.8 billion in 2018 to US$90.1 billion in 2023 at a CAGR of 8.2%, continuously driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, according to Frost & Sullivan. Drawing upon our robust groundwork and market position, we are confident in our ability to continuously capitalise on the market expansion and opportunities within the global AIDC devices market.

Our in-house R&D capabilities provide a solid foundation for our business development, enabling us to cater to the needs of our diverse customer base and meet a wide range of product and industry applications. Our R&D team plays a vital role in driving both horizontal and vertical growth of our products, ensuring that we are capable of promptly responding to any market needs we identify. As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities, including the iF Design Award and the Red Dot Design Award, two world-renowned product design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property

Enterprise (國家級知識產權優勢企業) by the China National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部).

In addition, our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation; and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024. During the Track Record Period and up to the Latest Practicable Date, we had been continuously making efforts on managing and optimising the network with our customers.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. Our adjusted net profit (non-IFRS measure) amounted to RMB45.6 million, RMB36.2 million and RMB49.6 million for FY2022, FY2023 and FY2024, respectively.

COMPETITIVE STRENGTHS

Established Specialty Printer Provider Well Positioned to Leverage the Growth Potential in the AIDC Devices and Solutions Market

Since our inception in 2010, we have grown to become an established specialty printer provider in the PRC well positioned to leverage the growth potential in the AIDC devices and solutions market. We focus on providing AIDC devices and solutions to streamline the operations of our retail business customers in various industries and scenarios, so as to optimise their sales processes, improve efficiency and reduce errors. According to Frost & Sullivan, we are the ninth largest player in the specialty printer market in the PRC in terms of revenue in 2023 with a market share of 1.8%. We also have a global sales network with sales to over 140 countries. For FY2022, FY2023 and FY2024, approximately 45.4%, 45.5% and 47.1% of our revenue are generated from regions other than the PRC, respectively. We believe that with our firm foundation as an established speciality printer provider, we are able to capitalise on the expanding opportunities within the AIDC devices and solutions market.

We are capable of offering comprehensive product offerings of AIDC devices of different designs and functionalities such as IoT technology, cloud-based printing and AI integration. Our products are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, medical, hospitality and environmental industries. Further, we are able to provide integrated and customised services including product development, raw materials procurement, production, quality control, packaging, delivery and after-sales services to our customers. Our deep understanding of the industry development trend supported by our independent R&D capabilities allow us to launch products and solutions which meet the specific demands of our customers. Leveraging on our industry proven capabilities as well as our market insights acquired through our prolonged business relationships with our major customers across the globe, we are able to grasp market opportunity and adjust our product development efforts as and when appropriate to consolidate our established market position in the industry.

With over 13 years of operating history, we have developed a unique set of production know-hows to optimise the quality, functionality, appearance and price of our products that have captured the loyalty of our customers.

R&D Capabilities with Wide Recognition in the Industry

We focus on carrying out independent R&D to cope with the fast-changing demands of our customers amid constant technological advancement in the industry. Our R&D capabilities have enabled us to cater to the needs of a diverse customer base and meet a wide range of product applications. As at 31 December 2024, we had a total number of 123 R&D and technical personnel. More than 85% of our R&D and technical staff attained tertiary education or higher in relevant disciplines such as computer science, industrial design and electronic engineering. We have established an R&D centre in Wuhan, the PRC to foster a diverse pool of talent with expertise in electronic technology and computer-related disciplines. Our Wuhan R&D centre specialises in software development for our AIDC devices and works in close collaboration with our remaining R&D team based in the New Xiamen Base. Our R&D team is led by Mr. Xu Kaihe, our executive Director and senior vice president, who has over 18 years of relevant experience in the electronic technology industry. Under the leadership of Mr. Xu Kaihe, we have not only earned the trust of our customers through our initial focus on R&D of specialty printers, but also successfully expanded our product offering to encompass scales, POS terminals and PDAs, thereby meeting the evolving needs of our diverse clientele. With our solid R&D capabilities, we are able to provide high-quality designs and products to ride on the latest market trends, as well as deliver tailor-made product development services for our customers who require customised products.

As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities in recognition of our R&D contribution, which include the iF Design Award and the Red Dot Design Award, two world-renowned product design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property Enterprise (國家級知識產權優勢企業) by the China National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部). Please refer to the paragraph headed "Awards and Recognition" in this section for further details.

Established and Diversified Customer Base Across the Globe

We have strived to strengthen and develop our customer base since our establishment. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. We sold our products to over 1,500 customers across the globe in FY2024. We served customers from diverse industries encompassing, among others, retail, education, catering, logistics, warehousing, manufacturing, medical and hospitality. For each of FY2022, FY2023 and FY2024, our revenue from our top five customers amounted to approximately RMB164.7 million and RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period. We have developed stable relationships with our top five customers for the Track Record Period ranging from two to eight years. Having a diverse customer base spread across different geographical locations not only allows us to diversify our risks from over-reliance on a single market or customer, but also helps increase our brand awareness and visibility.

The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024. Partnering with reputable companies has not only provided us with a stable source of revenue, but also increased our brand recognition. As a result, we have been able to establish ourselves as a trusted and reliable AIDC devices and solutions provider, building a loyal customer base and expanding our market share.

Comprehensive and Effective Quality Control

We place top priority on the quality of our products. As such, we have developed and implemented stringent quality control to ensure that every stage of our production adheres to our high quality standards. Our key quality control measures cover quality check on inspection of raw materials, quality inspections of each production key step of our production process, quality check of finished products, out-of-box quality inspection of packaged products, and on-going reliability test (ORT). For details, please refer to the paragraph headed "Business – Quality Control and Management" in this prospectus.

Our quality management system has been certified to ISO 9001:2015 since August 2016. We have also engaged independent product testing and certification organisations to test and certify our products on the relevant standards of the relevant geographical location of sales, such as the certification by Federal Communications Commission (FCC) in the United States, CE mark in Europe and Bureau of Indian Standards in India, which are leading product safety and quality standards in the respective market. We believe these certifications signify our commitment to pursue excellence in our quality control standards, which we believe is fundamental to our customers' loyalty and confidence to our products. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product liability or legal claims on our products, nor did we experience any material complaint, product recalls, exchange or sales returns.

Visionary and Competent Management Team

Our visionary and competent management team has been and will continue to be crucial to the management and success of our business. The management of our Group is led by Mr. Xu Kaiming, the co-founder of our Group, the chairman of the Board, the general manager of the Company, the president of the Group and an executive Director, who has over 14 years of industrial and managerial experience in the AIDC devices industry and has been guiding the overall strategic planning and business development of our Group. Mr. Xu Kaihe, the co-founder of our Group and an executive Director, has over 18 years of experience in the electronic technology industry and has been leading our overall R&D. Other core members of our management team have expertise in different aspects such as electronic technology, product engineering, business administration, and international economics and trade.

The experience and industry knowledge of our management team would allow us to have a comprehensive understanding of the market conditions of the AIDC devices and solutions industry and to operate our business. Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for details of the biographies of our management team.

BUSINESS STRATEGIES

Continue to Enhance Our Market Position by Expanding Our Product Portfolio and Strengthening Our R&D Capabilities

We believe that continuous expansion in high quality and advanced product portfolio is crucial in enhancing our market position and contributing to our long term growth and success. The AIDC devices and solutions industry is highlighted by rapid technological innovation, evolving industry standard and robust changing client requirements. Accordingly, our ability to respond to the fast changing technological world and improvement in market know-how is key to maintaining our competitive edge. We plan to catch up with industry trends and to provide up to date and competitive products and services to the market. More specifically, we plan to design and develop products equipped with advanced technology, for example, (i) cloud-based printing integrated with advanced payment method; (ii) AIDC devices compatible with various systems, including public or authoritative systems; (iii) portable study printers with various applications and functionality; and (iv) medical devices with instant AI printing technology. Leveraging our existing R&D projects, we believe that we are able to provide a higher level of product or industry customisation and product enhancement for our customers to address their needs.

Specifically, we plan to establish new R&D activities and projects with new R&D initiatives by establishing a new R&D centre, introducing R&D equipment and software and recruiting professional R&D talents to provide technical support for product and software development and upgrade. We plan to conduct more than 20 R&D projects in the new Wuhan R&D centre in the next three years. For details, please refer to the paragraph headed "R&D" in this section. Furthermore, we plan to collaborate with universities and research institutions in Wuhan to conduct specialised research. We believe that establishing a new R&D centre in Wuhan will be advantageous and have strategic importance to the Group considering, among others, (i) the talent pool in Wuhan in view of the presence of prestigious universities and research institutions, nurturing skilled graduates and technicians and fostering a strong R&D ecosystem; (ii) the demand for AIDC devices across industries such as logistics, retail, manufacturing and healthcare exhibited in Wuhan and its surround areas; (iii) Wuhan's location as a transportation hub in central China which facilitates technical exchanges and collaborations with other regions domestically and internationally; and (iv) the support from Wuhan government for R&D projects such as funding, tax incentives and talent attraction policies. Our current Wuhan R&D centre is relatively small in scale and has limited capacity to accommodate our growing number of R&D projects and staff. We expect to select premises in the third quarter of 2025 based on factors including but not limited to a minimum site area of 2,000 sq.m., availability of specialised facilities, proximity to research and educational institutions, access to established industrial clusters and convenient transportation access. The new Wuhan R&D centre, which is expected to commence operation in the fourth quarter of 2025, would assist us in attracting and retaining R&D talent with specialised knowledge in areas such as data analytics, artificial intelligence, and software development expertise. By expanding our R&D team, we aim to enhance our technical expertise, increase our capacity for innovation and accelerate the development of advanced AIDC products and solutions.

Strengthen Our Production Efficiency and Effectiveness

According to Frost & Sullivan, the manufacturing industry has seen a change in supply chain in recent years. Attributable to the growing availability of skilled labour and lower production cost, the Southeast Asia has become an additional option of electronics production locations and taking up a share of electronics manufacturing from the PRC. To support the overseas expansion and international sales of our business while minimising our production costs as well as providing flexibility in our production planning and logistics, we plan to enhance our production efficiency and effectiveness by building and investing in a new production centre in Malaysia. We have leased premises in Malaysia and expect to commence production in Malaysia in the second quarter of 2025. The establishment of a new production centre in Malaysia is mainly driven by the strategic need to serve the growing demand for AIDC devices in the Southeast Asian market and to achieve cost savings by enhancing automation in our production, as well as allocating our purchase orders between our New Xiamen Base and new production centre in Malaysia to mitigate geopolitical risk. In selecting the location for the new production centre, our Company considered that (i) Southeast Asia offers strategic proximity to our markets and customers in the Asia-Pacific region, which will reduce lead times and transportation costs; (ii) Malaysia offers competitive land and labour costs; and (iii) the region has well-developed logistics infrastructure including proximity to major ports and airports, which will enhance our supply chain efficiency. More specifically, we plan to develop new production lines to manufacture our AIDC devices by relocating some of our production management team to oversee its operation, as well as recruiting local workers for labour-intensive production process. We further plan to acquire advanced machinery and equipment with higher automation level to lower labour cost while ensuring consistent product quality and enhancing production efficiency and effectiveness.

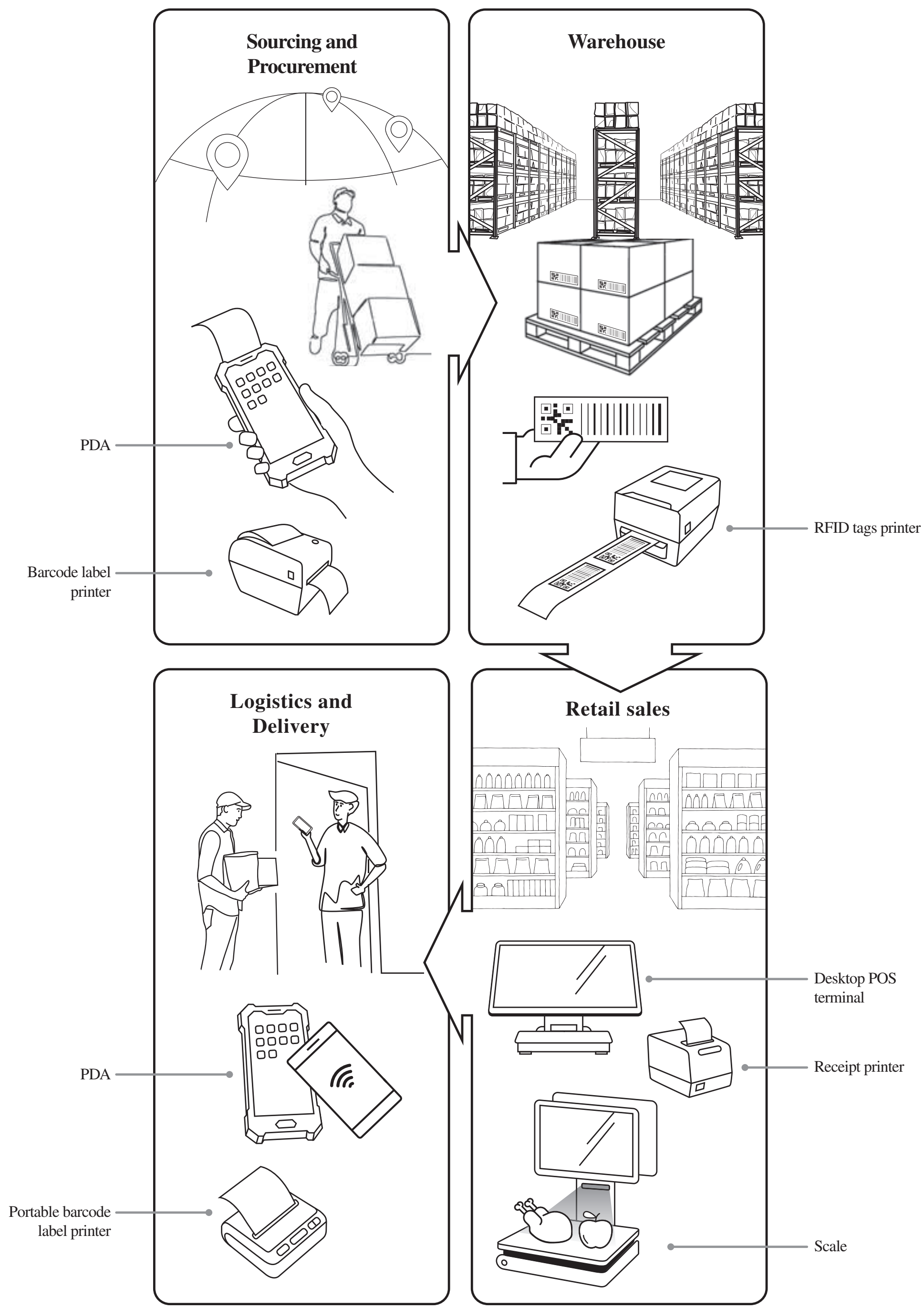
Enhance Our International Presence and Increase Our Market Shares in Key International Markets

We will explore opportunities to increase our sales in key international markets and expand our sales and distribution channels by establishing new overseas sales offices in area with strong growth opportunities. We plan to expand our business operation and enhance our international presence by setting up overseas offices in the U.S., Germany, Singapore and the United Arab Emirates. We plan to recruit overseas sales and marketing staff for overseas sales, market research, local market needs identification and after-sale services to diversify our sales channels and improve our overseas sales and after-sale services, allowing us to better serve our existing customers and tap into new business opportunities. We further plan to maintain good relationship with our existing distributors and explore the opportunities working with new distributors and customers, to expedite product penetration in international markets. Furthermore, we recognise the importance of showcasing our products and solutions on a global platform. To promote our brand names overseas, we intend to participate in over 20 prominent international exhibitions and trade fairs in the next three years.

OUR PRODUCTS

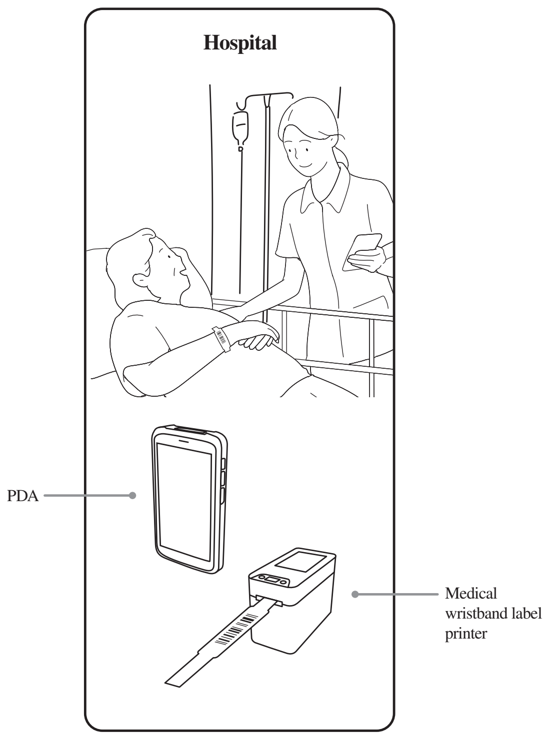
AIDC devices, including our products, are products applied to automatically identify objects, collect data and transmit data into systems that are widely used in various industries. For illustrative purpose, the following chart sets out how our products are currently applied in a typical retail scenario:

Commercial sector

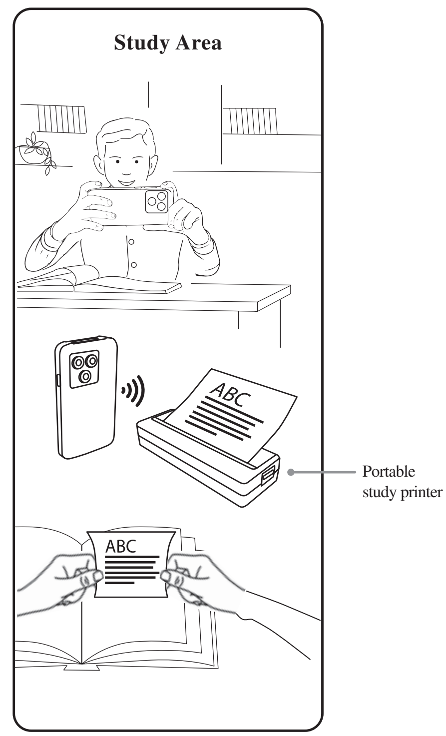


We provide AIDC devices and solutions not only in retail scenario, but also in education, medical and other industries. For illustrative purpose, the following charts set out the application of our products in typical education and medical scenarios:

Medical sector



Education sector



During the Track Record Period, we primarily engaged in the production and sales of printing equipment, scales, POS terminals and PDAs:

1. **Printing equipment** – We offer a range of thermal printing specialty printers including receipt printers, barcode label printers and panel printers, as well as printing modules of various sizes and capacities. Our printing equipment is designed to meet the needs of various industries, including retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment industries. Our printing equipment plays a critical role in the AIDC ecosystem by serving as the output source for data identified, captured, and processed by other AIDC devices. They transform processed data into tangible outputs such as receipts, labels, and barcodes, enabling seamless integration with business operations across various industries.

2. **Scales** – Scales are commonly used in retail transactions by businesses such as grocery stores, supermarkets and postal offices to accurately measure the weight of goods or products being sold or purchased. Most models of our scales are equipped with built-in printers, allowing users to weigh products and print receipts or barcodes for the transactions. Our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information.

3. **POS terminals and PDAs** – POS terminals are electronic systems used to effect transactions at the point of sale. They are equipped with built-in printers and NFC readers and they integrate AIDC technologies such as barcode scanning to facilitate electronic payment. They are commonly used in the retail industry to handle electronic payment transactions, and are also widely used in other scenarios, such as restaurants, hotels, supermarkets and convenience stores. PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They are also equipped with built-in printing capabilities, cameras for code scanning, and NFC readers, and are more commonly used in inventory tracking and store management to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error.

In addition to the above, we also (i) sell accessories and other purchased products such as control boards, power cords and thermal paper to cater for the specific needs of our customers from time to time; (ii) provide product development and tooling services, where we generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications; and (iii) arrange independent product testing and certification organisations such as laboratories accredited by China National Accreditation Service (CNAS) or authorised by Bureau of Standards, Metrology and Inspection (BSMI) and China Radio Management Centre to apply for the relevant certifications for our customised products as per the request of our customers according to the product standards and certification requirements as a mandatory requirement of their respective geographical location of sales, including Federal Communications Commission (FCC) certificate, and National Type Evaluation Program (NTEP) Certificate of Conformance in the United States; CE mark and International Organization of Legal Metrology (OIML) Certificate in Europe; and China Compulsory Certification (CCC) and Pattern Approval Certificate for Measuring Instruments the PRC. We generally charge service fees for the arrangement of certification services by adopting a cost-plus pricing method.

The replacement cycle and frequency of our products depend on a number of factors such as the working conditions, frequency of use, specific usage, and regular inspection and maintenance conducted by the customers. Generally, our printing equipment, scales, POS terminals and PDAs have an expected lifespan of approximately one to three years, two to five years, one to three years and three to five years, respectively.

The following table sets out a breakdown of our revenue by product and service segment and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	304,408	77.4	261,082	74.9	243,373	69.5
Scales	35,761	9.1	47,250	13.5	53,087	15.2
POS terminals and PDAs	23,583	6.0	16,497	4.7	33,564	9.6
Accessories and other purchased products	25,591	6.5	15,333	4.4	17,849	5.1
Others *(Note)*	3,930	1.0	8,587	2.5	2,189	0.6
Total	393,273	100.0	348,749	100.0	350,062	100.0

Note: Others mainly comprised tooling and provision of development and certification services.

The table below sets out the sales volume, average selling price and price range of our products during the Track Record Period:

	FY2022			FY2023			FY2024		
	Sales volume *(thousand pieces)*	**Average selling price** *(RMB)*	**Price range** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*	**Price range** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*	**Price range** *(RMB)*
Printing equipment	**1,631**	**187**	**10–7,528**	**1,241**	**210**	**13–4,188**	**1,276**	**194**	**14–7,221**
– Receipt printers	501	233	53–7,528	440	258	53–3,453	482	196	52–960
– Barcode label printers	235	273	52–5,694	400	207	55–4,188	485	213	52–7,221
– Portable study printers	572	153	53–565	340	178	53–649	265	165	14–592
– Printing modules and other printers	323	111	10–613	61	73	13–962	45	69	53–803
Scales	**30**	**1,191**	**601–5,892**	**33**	**1,390**	**230–10,013**	**42**	**1,283**	**155–4,711**
– AI scales	22	1,323	885–5,442	23	1,489	726–10,013	29	1,415	619–4,711
– Conventional scales	9	854	601–5,892	10	1,309	230–5,239	13	997	155–4,700
POS terminals and PDA	**15**	**1,572**	**235–6,991**	**11**	**1,532**	**235–4,698**	**22**	**1,525**	**389–4,698**
– POS terminals	15	1,572	235–6,991	9	1,523	235–3,814	16	1,630	389–4,308
– PDA	0.3	1,571	874–3,543	2	1,392	692–4,698	6	1,244	706–4,698
Accessories and other purchased products	**1,463**	**17**	**0.01–2,938**	**861**	**18**	**0.01–4,573**	**3,339**	**5**	**0.01–3,777**
– Parts	459	44	0.07–1,923	235	55	0.49–4,573	228	60	0.12–3,777
– Raw materials and other purchased products	1,004	5	0.01–2,938	626	4	0.01–3,097	3,111	1.3	0.01–3,031

Printing Equipment

We offer different types of thermal printing specialty printers including receipt printers, barcode label printers and panel printers. Receipt printer is a tool to facilitate and handle customer transactions through producing customers receipts and credit card slips and other related documents during a sales transaction at the point of sale and operation. In general, the receipt printer is connected to a POS terminal and it is designed to efficiently and accurately print receipts to be delivered to customers as well as the invoice itself to keep track of the record. A barcode label printer is a type of printer that is designed to print labels, barcodes and QR codes for various items and is commonly used in retail, manufacturing, shipping, and logistics industries to label products, packages, and shipments for tracking and inventory management purposes. Panel printer is a complete printing unit that can be integrated into other machines or devices for thermal printing. In addition, we also sell printing modules which can be integrated into different devices and machines according to our customers' needs.

Our printing equipment typically applies thermal printing technology which converts the received content data into dot matrix signals, controls the thermal printhead and the stepper motor to heat up line by line, and heats the thermosensitive coating on the thermal paper to output text and images. To satisfy diverse customers' needs, we also offer a few models of dot matrix printing equipment, which makes use of a series of printing head pins that moves back and forth or in an up-and-down motion on the page and prints by impact, striking an ink-soaked cloth ribbon against the paper. Most of our printing equipment are monochrome, which print in black and white. Unlike general-purpose printers, specialty printers are tailored for specific industry such as manufacturing, healthcare, education, and supply chain environments where precision, durability, and efficiency are critical and essential for identification and tracking. They feature functions that are not typically included in general-purpose printers, such as high-speed and low-noise printing, automatic paper cutting, and compatibility with various printing materials of different sizes. Our specialty printers support different command sets and are designed for seamless integration with business software, such as inventory management systems, point-of-sale platforms, and other industry-specific applications.

We have introduced specific specialty printers to target certain industries through industry diversification. For example, (i) for education industry, our portable study printer allows students to access study materials and prepare study exercises and notes; (ii) for medical industry, our medical wristband label printer is designed to print high frequency RFID wristband for patients; and (iii) for environmental industry, our hazardous waste label printer can be connected to national or local hazardous waste treatment platforms to print labels with specific hazardous signs. We have also introduced instant photo printers with built-in cameras and early learning models, which target young children and are designed for early childhood education and entertainment. Furthermore, we carry out independent R&D and introduce products with technologies in response to evolving industry demands and market trends. For example, according to Frost & Sullivan, it is expected that the use of barcodes will gradually shift to QR codes by 2027. As (i) our barcode label printers, which included models that are capable of printing both barcodes and QR codes based on users' printing instructions during the Track Record Period, can be adapted to support this shift; and (ii) our printing equipment can change swiftly between barcode printing and QR code printing since there is no substantive difference in the timing and cost of production, intellectual property requirements, or technology involved in supporting QR code printing, our Directors expect that the phasing out of barcodes and the replacement by QR codes will not have any material adverse impact on our business operations and financial performance.

The sales of printing equipment amounted to RMB304.4 million, RMB261.1 million and RMB243.4 million, accounting for 77.4%, 74.9% and 69.5% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

Receipt printers

Receipt printers are used to print receipts, invoices and other types of transactional documents through thermal printing. They typically connect to POS terminals and are able to print in high speed with low noise. Our thermal receipt printers generally support both top and front paper loading, high-speed printing, automatic paper cutting, and are suitable for flexible use in mobile payment and self-service payment scenarios.

Ace H2 Thermal Receipt Printer

Barcode label printers

Barcode label printers are used to print text, barcodes, QR codes, graphics, RFID tags and other content through thermal printing. Automatic paper type detection allows our thermal barcode label printers to support printing of labels of various types and sizes. Additional functions of our thermal barcode label printers include overheat protection, bad point detection and missing paper re-printing. Barcode label printers are widely used in logistics, warehousing, supermarkets, retail, manufacturing, and medical industries.

RP420 Thermal Label Printer

During the Track Record Period, we launched hazardous waste label printers which are designed to produce labels that adhere to the technical standards set by the Ministry of Ecology and Environment of the PRC, featuring specific hazardous waste identification numbers, QR codes, and required hazardous signs for generating, collecting, storing and disposing of different types of hazardous waste. Integrated with hazardous waste software, the printers support efficient data entry, storage and printing of the required labels, and connected to the national or local hazardous waste treatment platforms to access data and information of hazardous waste and generate identification labels. Our hazardous waste label printers are portable in size, efficient, affordable and convenient to use in different production stages, and primarily target enterprises with moderate annual hazardous waste production volumes in need of generating, collecting, storing and disposing of different types of hazardous waste. Our hazardous waste label printers were developed through a tripartite collaboration in 2023. For details, please refer to the paragraph headed "R&D – R&D Collaboration" in this section.

Panel printers

Panel printers are complete printing units that can be integrated into other machines or devices for thermal printing. They be used for a variety of applications. For example, panel printers can be incorporated into self-service queue machines, medical self-service terminals, wall-mounted terminal devices, and self-service devices for catering and retail industries.

RP203 Panel Printer

Portable study printers

Portable study printer is a compact, portable device which allows students to record, print and track study materials, exercise and notes. Some models are equipped with OCR text recognition and text editing functions for students to print on-the-spot education materials such as maps, diagrams and charts, which can enhance students' learning experience.

PN82 Portable A4 Printer

Scales

Our scales are used to weigh products and calculate prices based on weight. They are commonly used in retail transactions, such as in supermarkets and grocery stores, to ensure accurate pricing of the products. We offer various models of scales with different features to suit the individual needs of our customers. Most of our scales are equipped with our self-developed specialty printers or printing modules so that users can print price labels, barcode labels and/or receipts conveniently after weighing the products. Depending on the specific model, our scales feature functions including water, moisture and insect resistance, high resolution light-emitting diode (LED) display screen with multi-point capacitive touch, and AI visual product recognition. In particular, our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information. Such AI scales aim to streamline retail operations, reduce human error, and enhance overall customer experience in retail scenarios such as supermarkets, fruit stores, chain restaurants and grocery stores.

The sales of scales amounted to RMB35.8 million, RMB47.3 million and RMB53.1 million, accounting for 9.1%, 13.5% and 15.2% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

Aurora S2-AI Scale

Aurora D2 Scale

POS Terminals and PDAs

POS terminals are electronic systems used to effect transactions at the point of sale. They typically include hardware such as a cash register or computer, and software that allows the business to process sales, manage inventory and generate reports. They are commonly used in the retail environment to handle electronic payment transactions, and are also widely used in other industries, such as restaurants, hotels, supermarkets and convenience stores. Our POS terminals come in handheld and desktop options and support a range of communication methods including WiFi, Bluetooth, broadband cellular network and local area network (LAN). They are equipped with built-in printers and NFC readers, as well as a variety of peripheral interfaces.

Our POS terminals can process a diverse range of electronic payment types such as WeChat Pay, Alipay, UnionPay, as well as various contactless or radio frequency identification cards including MIFARE cards and FeliCa cards.

Our PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They allow customers to collect data efficiently and achieve digital management of their businesses. Similar to POS terminals, most of our PDAs also have Wi-Fi, Bluetooth, broadband cellular network and GPS support, and come with built-in printing capabilities, cameras for code scanning, and NFC readers. Our PDAs are commonly applied to logistics and delivery, warehouse inventory tracking, production and manufacturing, retail e-commerce, and store management. We have also introduced antibacterial medical PDAs for use in medical institutions to facilitate data management.

We carry out our sales of POS terminals and PDAs through IMachine, a direct wholly-owned subsidiary of the Company. The sales of POS terminals and PDAs amounted to RMB23.6 million and RMB16.5 million and RMB33.6 million, accounting for 6.0%, 4.7% and 9.6% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

AP12 Handheld POS Terminal

A2 Desktop POS Terminal

i2 Handheld Data Terminal (PDA)

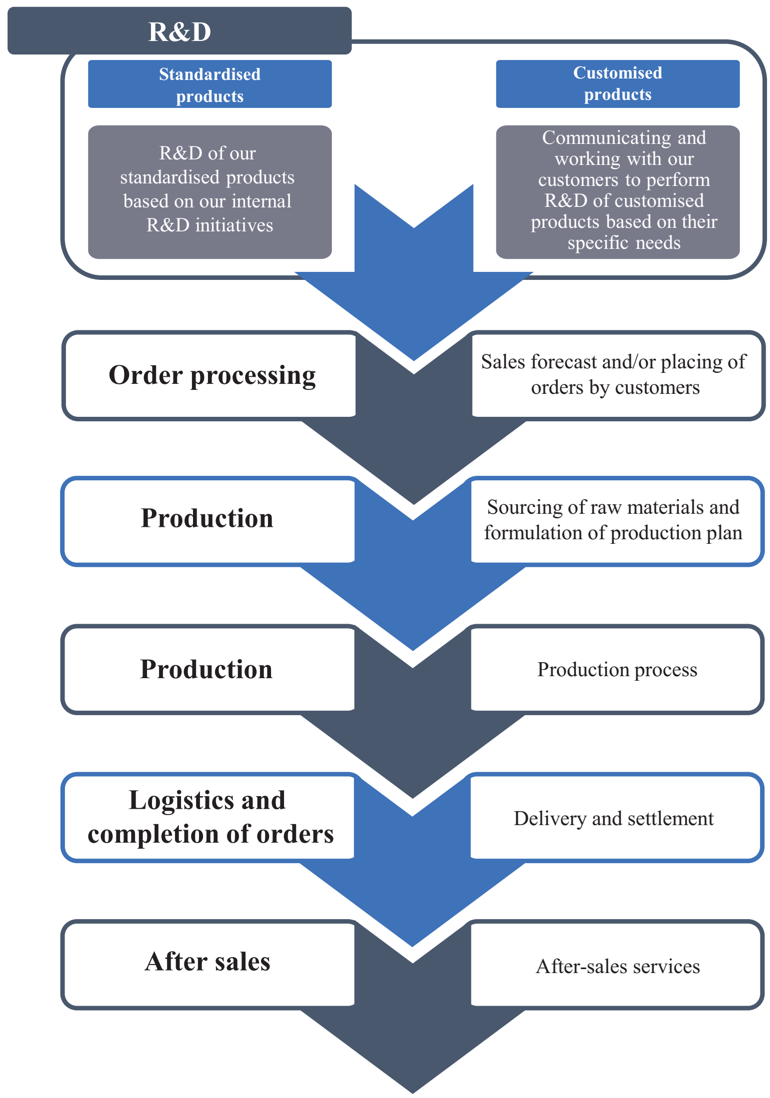
Accessories and Other Purchased Products

In addition to the above, we also sell accessories and other purchased products such as parts, control boards, power cords and thermal paper to meet the specific demand of the customers for product replacement, maintenance or after-sales product enhancement. For instance, some customers may purchase accessories and other purchased products to conduct maintenance themselves after the warranty period. The accessories and other purchased products are ancillary to our sales of the three main product types, but not a separate business segment.

OUR BUSINESS MODEL

We are an AIDC devices and solutions provider, which designs, manufactures and markets specialty printers, scales, POS terminals and PDAs. We offer both standardised and customised products. For our standardised products, we provide detailed product information in product lists for our "RONGTA" and "iMACHINE" products. Customers select standardised products from our product lists based on their needs and product requirements. Regarding customised products, we design and manufacture them according to the specifications and requirements of each customer ranging from simple changes on product appearance to developing entirely new products tailored to specific business operations and industry. We carry out independent R&D to design products and work on the technical feasibility of designs to continue to expand through industry diversification. We select and procure raw materials from third-party PRC suppliers, while we maintain a list of qualified suppliers and generally purchase raw materials from selected qualified suppliers. Leveraging our solid foundation and market position, we are able to sell our products through direct sales and sales to distributors to over 140 countries and not less than 30 provinces, municipalities and autonomous regions in China.

The chart below sets out the key phases of our business operations:



Standardised and customised products

We offer both standardised and customised products to meet the diverse needs and requirements of our customers.

Standardised products

We develop and manufacture our standardised products under our own brands, "RONGTA" and "iMACHINE", which are designed and manufactured based on our industry expertise and understanding of the diverse and varying customer demands and market trends, and aligned with the OBM model. By leveraging our in-house R&D capabilities, we anticipate and adapt to evolving market preferences to design innovative and quality products. These products are widely applicable across industries and are marketed as ready-to-use solutions for customers seeking high quality branded AIDC devices. As the brand owner, we assume full responsibility and control for our standardised products, including but not limited to product design, manufacturing and marketing, allowing us to establish a distinct brand identity and customer loyalty. As at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries.

The following table sets out the material differences between our "RONGTA" and "iMACHINE" brands:

	"RONGTA"	**"iMACHINE"**
Market position	Established brand primarily focused on traditional commercial equipment like thermal printers and scales, with diverse applications across various industries.	Positioned as a forward-looking brand which enhances human-machine interaction in facilitating communication and interaction between human and machines and focusing on creating user-friendly interfaces for effective control and engagement. Designed to meet customer-specific needs in industries requiring data collection, processing, and management.
Target customers	Customers in industries such as retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment, who seek cost-effective commercial equipment for day-to-day operations, such as printing, weighing and transaction processing.	Customers in industries such as retail, logistics, manufacturing and warehousing and healthcare who seek intelligent solutions for tasks such as data collection, transaction processing and operational management.
Product offerings	Primarily printing equipment and scales, complemented by a limited selection of POS terminals and PDAs.	Primarily POS terminals and PDAs, complemented by a limited selection of printing equipment.

The following table sets out a breakdown of the revenue, gross profit and gross profit margin of the sales of our standardised products by brand during the Track Record Period:

	FY2022				FY2023				FY2024			
	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*	*%*
"RONGTA" brand products	114,810	90.6	22,988	20.0	64,723	88.3	9,927	15.3	57,551	83.3	24,097	41.9
"iMACHINE" brand products	11,962	9.4	2,433	20.3	8,568	11.7	1,928	22.5	11,570	16.7	2,330	20.1
Total	126,772	100.0	25,421	20.1	73,291	100.0	11,855	16.2	69,121	100.0	26,427	38.2

During the Track Record Period, our sales of "RONGTA" brand products constituted the majority of our sales of standardised products. From FY2022 to FY2023, the revenue from "RONGTA" brand products decreased from RMB114.8 million to RMB64.7 million, while the gross profit margin of "RONGTA" brand products decreased from 20.0% to 15.3%, primarily due to the absence in FY2023 of bulk purchase orders for our printing equipment from Customer C in FY2022 which generally had a higher gross profit. The revenue from "RONGTA" brand products further decreased from RMB64.7 million for FY2023 to RMB57.6 million for FY2024, primarily due to the decrease in revenue derived from a PRC customer in FY2024 following the expiration of the framework sales agreement covering FY2022 and FY2023, under which the customer purchased "RONGTA" products of RMB3.4 million in FY2023, and to the best knowledge, information and belief of the Directors, the framework sales agreement was not renewed due to the customer's changing business needs to purchase other printing equipment. The gross profit margin for "RONGTA" brand products increased significantly from 15.3% for FY2023 to 41.9% for FY2024, primarily due to the launch of our "RONGTA" brand hazardous waste label printers with higher gross profit margin in FY2024. The revenue and gross profit margin for our sales of "iMACHINE" brand products remained relatively stable during the Track Record Period.

Customised products

In addition to standardised offerings, we also provide customised products tailored to meet specific customer requirements, which is substantially aligned with the ODM model. Over years of development, we encounter unique needs of our customers, such as business needs for specific quality standards, specific materials selected by the customer to be adopted and incorporated into the product, customising product appearance to align with their preferred themes or branding, and adjusting product compatibility to integrate seamlessly with the customer's existing systems or solutions. To fulfil these requirements, we work closely with our customers through a collaborative process. We first communicate with our customers to understand their initial ideas such as the intended or desired purposes, application scenarios, functions, and physical attributes of the products. Instead of simply relying on the designs or production blueprints provided by such customers, we typically take the initiative in translating the initial inputs from customers into fully realised products. We work closely with our customers through the product development process, and retain control over the product design and manufacturing process. If further clarification or technical input is required, our R&D team liaises directly with the customers to refine the specifications, designs, or technical adjustments in order to ensure that the final product meets the customer's expectations. We may charge product development fees for designing and developing new products with specifications that require substantial R&D input. Once the specifications and designs are finalised and agreed by our customers, and the sales orders are confirmed, we commence production. Depending on the customer's preference, the customised products can be labelled with their requested brand names or logos, providing flexibility for customers to accommodate their different business segments or marketing strategies, or integrating our products into their own product lines.

We also provide customised products substantially in line with the OEM model to a small extent to meet the specific needs of certain customers. On such limited occasions, we manufacture products for customers primarily based on the specifications provided by them, allowing them to have a high degree of influence on the product design and manufacturing flow.

Differences between our standardised and customised products

The following table sets out the typical differences between our standardised and customised product:

	Standardised Products	**Customised Products**
Product design	Designed and developed by the Group based on market trends and customer demand.	Designed and developed based on specific requirements of the customers.
Customer types	Primarily corporate customers and individual end-users from industries such as retail, catering, logistics, warehousing, manufacturing, medical and environment, seeking ready-to-use AIDC devices, and distributors.	Primarily corporate customers or entities with unique requirements, from industries such as retail, catering, education, logistics, warehousing and manufacturing, often looking for tailored solutions to integrate with their existing systems, including other AIDC devices and solutions providers and manufacturers.

	Standardised Products	Customised Products
Branding	Sold under our own brands, "RONGTA" and "iMACHINE".	Branded as requested with product appearance agreed by customers.
Sales process	Order placement and delivery of standardised products on product lists.	Involves close collaboration between the sales team, R&D team, and customers to finalise specifications before production.

The following table sets out a breakdown of our revenue from sales of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customised products	**236,980**	**60.3**	**251,538**	**72.1**	**260,903**	**74.5**
– Printing equipment	211,854	53.9	216,882	62.2	196,083	56.0
– Scales	13,506	3.4	26,727	7.7	42,826	12.2
– POS terminals and PDAs	11,620	3.0	7,929	2.3	21,994	6.3
Standardised products	**126,772**	**32.2**	**73,291**	**21.0**	**69,121**	**19.7**
– Printing equipment	92,554	23.5	44,200	12.7	47,290	13.5
– Scales	22,256	5.7	20,523	5.9	10,261	2.9
– POS terminals and PDAs	11,962	3.0	8,568	2.5	11,570	3.3
Accessories and other purchased products	**25,591**	**6.5**	**15,333**	**4.4**	**17,849**	**5.1**
Others *(Note)*	**3,930**	**1.0**	**8,587**	**2.5**	**2,189**	**0.6**
Total	**393,273**	**100.0**	**348,749**	**100.0**	**350,062**	**100.0**

Note: Others mainly comprised tooling and provision of development and certification services.

The revenue from sales of customised products remained relatively stable during the Track Record Period. The revenue from sales of standarised products decreased from RMB126.8 million for FY2022 to RMB73.3 million for FY2023, and further to RMB69.1 million for FY2024, primarily driven by the decrease in sales of our "RONGTA" brand product, which constituted the majority of our sales of standardised products. For details, please refer to the analysis set out in the paragraph headed "Our Business Model – Standardised and Customised Products – Standardised Products" in this section.

The following table sets out a breakdown of our gross profit and gross profit margin of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customised products	**55,855**	**23.6**	**64,291**	**25.6**	**67,509**	**25.9**
– Printing equipment	49,177	23.2	50,428	23.3	44,218	22.6
– Scales	4,507	33.4	11,439	42.8	18,149	42.4
– POS terminals and PDAs	2,171	18.7	2,424	30.6	5,142	23.4
Standardised products	**25,421**	**20.1**	**11,855**	**16.2**	**26,427**	**38.2**
– Printing equipment	19,589	21.2	5,093	11.5	21,889	46.3
– Scales	3,420	15.4	4,741	23.1	1,860	18.1
– POS terminals and PDAs	2,413	20.2	2,022	23.6	2,678	23.1
Accessories and other purchased products	**7,981**	**31.2**	**5,521**	**36.0**	**4,400**	**24.7**
Others*(Note)*	**603**	**15.3**	**3,797**	**44.2**	**1,029**	**47.0**
Total	**89,861**	**22.8**	**85,464**	**24.5**	**99,365**	**28.4**

Note: Others mainly comprised tooling and provision of development and certification services.

Our gross profit margin of customised products increased from 23.6% in FY2022 to 25.6% in FY2023, primarily attributable to the respective increase in the gross profit margin of printing equipment, scales, POS terminals and PDAs. Our gross profit margin of customised products increased slightly from 25.6% in FY2023 to 25.9% in FY2024, primarily attributable to the increase in the sales of customised scales which have a higher gross profit margin than our other products, partially offset by the decrease in gross profit margin of customised POS terminals and PDAs from 30.6% in FY2023 to 23.4% in FY2024. The increase in gross profit of customised products from RMB55.9 million to RMB64.3 million from FY2022 to FY2023 was primarily due to the increase in gross profit of scales resulting from the increase in sales of AI scales and the increase in overseas sales of conventional scales. The fluctuation in the gross profit and gross profit margin from sales of standardised products was generally in line with the fluctuation in the gross profit and gross profit margin from sales of our "RONGTA" brand products, which constituted the majority of our sales of standardised products. For details, please refer to the analysis set out in the paragraph headed Our Business Model – Standardised and Customised Products – Standardised Products" in this section.

The table below sets out the sales volume and average selling price of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	Sales volume *(thousand pieces)*	**Average selling price** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*
Customised products	999	237	1,008	250	1,132	230
– Printing equipment	982	216	983	221	1,088	180
– Scales	11	1,278	20	1,346	32	1,358
– POS terminals and PDAs	7	1,690	5	1,691	14	1,571
Standardised products	677	187	278	264	207	335
– Printing equipment	649	143	258	171	189	251
– Scales	19	1,144	14	1,451	10	1,043
– POS terminals and PDAs	8	1,472	6	1,410	8	1,429
Total	1,676		1,286		1,339	

R&D

We carry out independent R&D to cope with the fast-changing demands of our customers amid constant technological advancement in the industry. Our R&D team plays a vital role in driving both horizontal and vertical growth of our products, ensuring that we are capable of promptly responding to any market needs we identify. Our R&D primarily focuses on: (i) improving functionalities and production efficiency of our existing products to satisfy needs of the customers; and (ii) developing new products with new functionalities and products suitable for application in new scenarios through implementation of new technologies or features. As at 31 December 2024, we had a total number of 123 R&D and technical personnel. More than 85% of our R&D and technical staff attained tertiary education or higher in relevant disciplines such as computer science, industrial design and electronic engineering. Our R&D team is led by Mr. Xu Kaihe, our executive Director and senior vice president, who has over 18 years of relevant experience in the electronic technology industry. With our solid R&D capabilities, we are able to provide designs and products based on market trends, as well as deliver tailor-made product development services for our customers who require customised products.

As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities in recognition of our R&D contribution, which include the iF Design Award and the Red Dot Design Award, two world-renowned design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property Enterprise (國家級知識產權優勢企業) by the National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部). Please refer to "Awards and Recognition" in this section for further details. For FY2022, FY2023 and FY2024, our total R&D costs amounted to RMB22.1 million, RMB20.9 million and RMB23.8 million, respectively. For details of our total R&D costs, please refer to note 16 to the Accountant's Report in Appendix I to this prospectus.

With our established and wide customer base, we are able to collect market information to understand market trends, which form the solid foundation of our R&D initiatives. Our R&D team works together with our other departments such as the sales departments to understand the market trend and customers' preferences before commencing a research project as well as our production department to collaborate in product testing and development.

As at the Latest Practicable Date, we focus our R&D initiatives on the following aspects and there are a total of 21 products under development in these aspects:

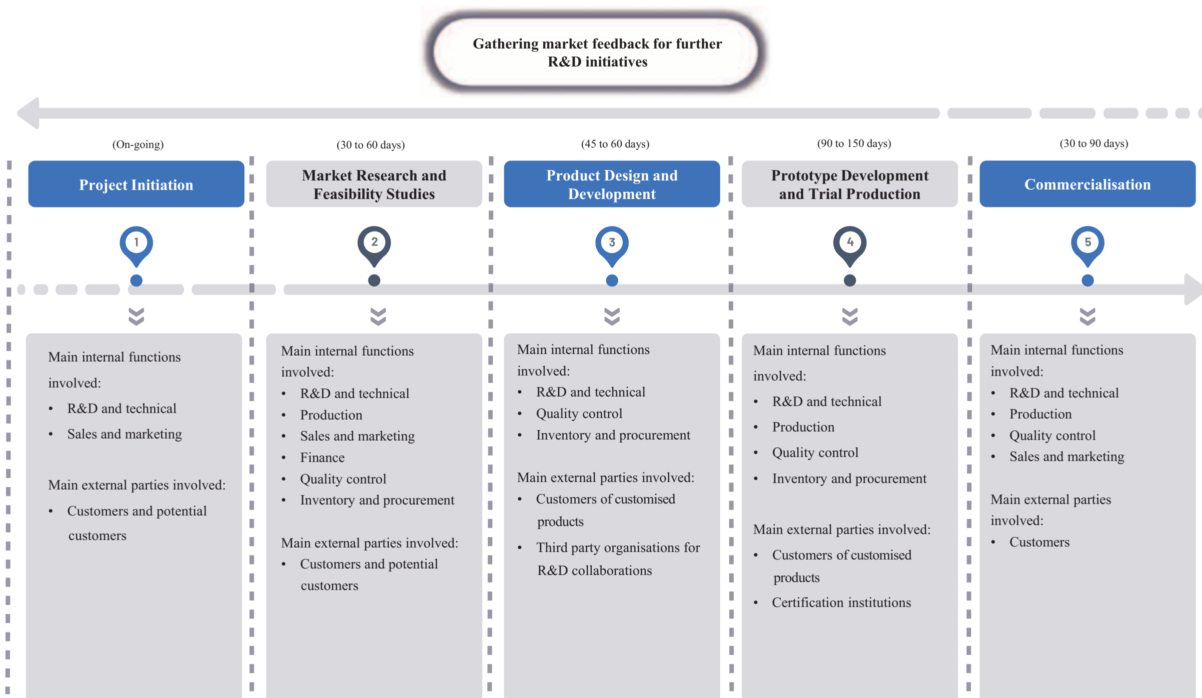
- **Integration of Internet of things (IoT) into AIDC devices**: The IoT technology involves the interaction of objects with each other through information sensing devices and the utilisation of internet technology to achieve intelligent identification and management. A common example of IoT technology is the use of RFID tags. We intend to further explore the integration of RFID technology into our AIDC devices and solutions, enabling the adoption of RFID in different scenarios. As at the Latest Practicable Date, we have five products under development, including one receipt printer, two barcode label printers and two POS terminals, which focus on, among others, the application of IoT technology, and they are expected to be launched by the first quarter of 2026. There are also 14 products in the preliminary research stage which are expected to be launched by 2027. These products include RFID barcode label printers targeting higher-end customers in the industrial sector, and POS terminals targeting object labelling management for food industry.

- **Development of cloud-based printing services**: We plan to develop multiple cloud printing products and explore cooperation with food delivery platforms equipped with advanced payment technology. We aim to achieve automatic order receipt and printing from multiple platforms and restaurants. We will explore the use of Over-the-Air (OTA) technology to enable firmware updates across all devices. As at the Latest Practicable Date, we have one barcode label printer under development which focuses on the application of cloud-based printing, and such product is expected to be launched in 2025. The product will focus on leveraging cloud-based system and allowing users to achieve off-site printing, while allowing firmware updates through OTA technology, which will enhance printing efficiency in the logistics sector.

- **Integration of AI technology into our product offerings**: We believe that there is huge potential for integrating AI technology into our AIDC devices. For example, we offer scales equipped with AI recognition camera and the relevant software which can identify the products based on its appearance, which greatly improves the efficiency of sales transactions. We intend to further explore the utilisation of AI technology to upgrade our AIDC devices and solutions and develop new products to enrich our product offerings, such as to further incorporate AI technology into our POS terminals to enhance digitalisation efficiency. As at the Latest Practicable Date, we have two scales under development which focus on, among others, the integration of AI technology, and they are expected to be launched in 2025. There are also six products in the preliminary research stage which are expected to be launched by 2027. For example, such products include instant photo printers with built-in camera and equipped with AI image enhancement functions, which target young children and are designed for the education and entertainment market.

- **Expansion of product offerings and applications**: We intend to tap into new industries and increase our revenue streams by focusing on R&D of AIDC devices and solutions which are suitable for application in new commercial and individual settings and scenarios, including but not limited to retail, education, medical and environmental industries. As at the Latest Practicable Date, we have 13 products under development, including three label printers, seven barcode label printers, one scale, one POS terminals and one control board, which focus on, among others, the expansion of product offerings and applications, and they are expected to be launched in 2025. There are also 13 products in the preliminary research stage which are expected to be launched by 2027. For example, such products include: (i) office A4 thermal printer suitable for portable printing scenarios in business settings, such as mobile office, printing of merchant signage, and invoice printing; (ii) automated weighing and packaging equipment for the pre-packaged meal and community fresh produce market; (iii) smart carts equipped with product recognition, weighing, navigation and checkout capabilities for the supermarket industry; and (iv) photo printers with inkless colour printing technology for expansion into the field of photo printing market.

The following diagram illustrates the key steps and approximate time of our typical R&D process:



R&D collaboration

Our R&D efforts are complemented by our strategic collaborations with third party organisations from time to time, enabling us to leverage external resources and expertise effectively. In 2024, we launched our hazardous waste label printers as part of our efforts to diversify our product portfolio and expand the scope of our offerings. For details, please refer to the paragraph headed "Our Products – Printing Equipment – Barcode Label Printers" in this section.

Our hazardous waste label printers were developed through a tripartite collaboration in 2023 with (i) a company based in the PRC and listed on the Shanghai Stock Exchange and principally engaged in software development and provision of information technology services (the "**Software Company**"); and (ii) a private company based in the PRC and principally engaged in the scientific research and technology services (the "**Service Company**"), both of which are Independent Third Parties. The following sets out the salient terms of the tripartite collaboration:

Responsibilities of the Parties	Our Group is primarily responsible for the R&D of the hazardous waste label printers, including prototype development, hardware design, and development of underlying driver software necessary for the products' operation. The Software Company is responsible for developing the application layer software that is compatible with the subject product. The Service Company is responsible for applying for and obtaining hazardous waste related certifications for the subject product.
Term	The collaboration is effective for a period from 1 December 2023 to 31 December 2028.
Exclusivity	The collaboration is exclusive in nature. Each party agrees not to engage in the same or similar business collaboration in any form with competitors of the same kind of products, and guarantees that each of them is the sole cooperation partner in the industry or field to which the subject product belongs.
Intellectual property rights	Our Group solely owns the intellectual property rights of the Group's inventions, designs, technology information, technologies and proprietary technologies in the subject product. The Software Company owns the intellectual property rights relating to the software developed by them and installed in the subject product.
R&D costs	Our Group shall bear the R&D costs associated with the hazardous waste label printers, including expenses for R&D, prototype development and trial production.

Service fees	For the first year following the product launch, our Group shall pay service fees to the Software Company for software development and the Service Company for the certification applications, calculated on a per-unit basis for each sale of hazardous waste label printers.

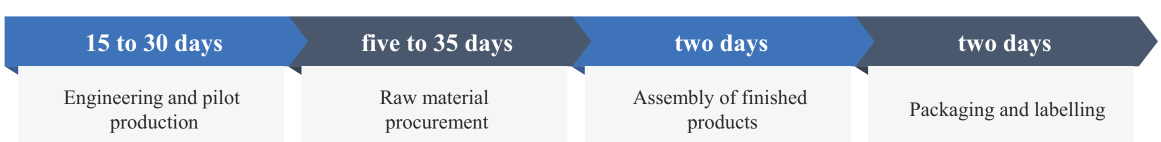
OUR PRODUCTION

Production Process

From our inception, we make effort to develop a competitive edge in our production capabilities. Our production process is designed to promote quality while delivering the ability to rapidly ramp up production of products on short timeframes to meet our customers' needs. With our design and manufacturing capabilities, we are equipped to launch a diverse array of AIDC devices. Our approach emphasises vertical integration of our production capabilities for several reasons, such as acquiring advanced technologies, promoting product quality, ensuring production capacity, and controlling costs.

Depending on the customers' requirements on our products, we will formulate a production schedule taking into account factors including (i) our production capacity; (ii) availability of raw materials; (iii) level of our product inventories; (iv) quantity required under the orders; and (v) the level of technological complexity involved in production.

The following diagram illustrates the key steps and approximate time of our production process:



Engineering and pilot production	Before mass production, with respect to each new or enhanced product, our new production introduction (NPI) engineering department will formulate the production operating instructions which lay down the technical specifications, material approval standards, and technical process, based on the specific requirements of each product. Our production department will carry out the specific test-production, record production data and report them to the NPI engineering department for analysis and improvement. This ensures that the products fit the manufacturing under mass production lines. In addition, an overall standardised testing including testing on functions, reliability, durability and safety etc. will be carried out on products undergoing test-production.
Raw material procurement	We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components.
Assembly of finished products	The components of PCBAs and other component modules and parts including plastic casting and other precision components sourced from our suppliers are assembled at various positions in the production line to produce the final product.
Packaging and labelling	The final stage of our production process is the packaging and labelling process. Our products are carefully packaged to a box and a label will be stuck on each of the packaged boxes. Our products are labelled either under our own “RONGTA” or “iMACHINE” brand names, or under the brand name as requested by our customers, depending on whether the product is standardised or customised product. Our quality control staff will inspect the packaged boxes on sampling basis to ensure that they are in good condition and conform to the packaging and labelling specifications of our customers.

To ensure the quality of our final products, we have integrated relevant quality inspection stations into each production line. For details, please refer to the paragraph headed “Quality Control and Management” in this section.

Production Facilities and Production Capacity

We had a production team with 224 members as at 31 December 2024. Our products were manufactured in the Old Xiamen Base, with an aggregate GFA of 16,551 sq. m., before the relocation of our production to the New Xiamen Base in March 2022. In the New Xiamen Base, approximately 21,416 sq. m. is used for production and 12,831 sq. m. is used for office. The Old Xiamen Base was leased from an Independent Third Party, while the New Xiamen Base is a self-owned property of our Group. For details, please refer to the paragraph headed "Properties" in this section.

Photograph of the New Xiamen Base

The following table sets out the estimated production capacity, actual production volume and utilisation rates of the Group during the Track Record Period:

	FY2022	FY2023	FY2024
Printing equipment			
– Estimated production capacity *(pieces)* *(note 1)*	2,821,979	2,926,311	2,926,311
– Actual production volume *(pieces)*	1,398,839	1,272,734	1,187,783
– Utilisation rate *(note 2)*	49.6%	43.5%	40.6%
Scales			
– Estimated production capacity *(pieces)* *(note 1)*	56,878	56,829	56,832
– Actual production volume *(pieces)*	29,911	33,338	36,201
– Utilisation rate *(note 2)*	52.6%	58.7%	63.7%
POS terminals and PDAs			
– Estimated production capacity *(pieces)* *(note 1)*	25,345	25,915	25,920
– Actual production volume *(pieces)*	13,004	8,965	17,232
– Utilisation rate *(note 2)*	51.3%	34.6%	66.5%
Total			
– Estimated production capacity *(pieces)* *(note 1)*	2,904,202	3,009,055	3,009,063
– Actual production volume *(pieces)*	1,441,754	1,315,037	1,241,216
– Utilisation rate *(note 2)*	49.6%	43.7%	41.2%

Notes:

1. The estimated production capacity for each of FY2022, FY2023 and FY2024 is calculated by multiplying (i) the estimated daily production volume per production line taking into account the operation hours of each production line per working day, (ii) the number of available production lines and (iii) the number of working days of production staff, which was 28 working days per month for FY2022 and 27 working days per month for FY2023 and FY2024.

2. Utilisation rate is calculated by dividing the actual output by the designed production capacity during the same year/period.

The utilisation rate for production of printing equipment decreased from FY2022 to FY2023, primarily attributable to (i) the increase in estimated production capacity in FY2023 following the relocation of our production base from the Old Xiamen Base to the New Xiamen Base in March 2022; (ii) the decrease in production volume due to our decrease in sales volume of printing equipment in FY2023, and our enhanced inventory management in reducing the inventory level of printing equipment. The utilisation rate for production of printing equipment decreased in FY2024 due to the decrease in production volume resulting from the reduction in inventory level of printing equipment through enhanced inventory management, alongside a slight increase in sales volume of printing equipment. The utilisation rate for production of scales increased throughout the Track Record Period due to increase in production volume in line with our growth in revenue from sales of scales. The utilisation rate for production of POS terminals and PDAs decreased in FY2023 primarily due the decrease in actual production volume, which was in line with the decrease in our revenue from sales of POS terminals and PDAs in FY2023.

We believe that in case of increase in demand and hence purchase orders by our customers, we are able to interchange our production lines for different products in New Xiamen Base or to cope with the increased demand of a particular product or business need in the future principally by way of (i) adjusting and/or streamlining the machinery and equipment; and (ii) adjusting the production staff with relevant assembling experience.

As at the Latest Practicable Date, we owned a variety of production equipment and machineries which are material to our production process. Some of our major production equipment and machinery include:

Major production equipment and machinery	**Main functions**
Pulse welding machine	Welding of electronic components
Glue spraying machine	Applying adhesive coatings to components
Ultrasonic welding machine	Welding of battery protection casing
Air compressor	Providing compressed air to power various machinery in our production process
Three-axis automatic coating machine	Applying protective coatings on electronic products
Shrink wrap machine	Wrapping products in shrink film
IC burning machine	Programming ICs to ensure proper functionality before assembly

Our major production equipment and machineries generally have useful lives of approximately four to ten years. Based on our experience, such useful lives may be extended for longer period with appropriate repair and maintenance. In determining the useful life and residual value of our production equipment and machineries, we consider various factors, such as changes in market demand, production process and techniques and expected usage of the production equipment and machineries. The estimation of the useful life of production equipment and machineries is generally based on our experience with similar production equipment and machineries that are used in a similar way. We shall replace the production equipment and machineries when we deem appropriate, taking into account the condition and efficiency of the equipment and machineries and whether new equipment and machineries are required in view of new technology. We did not experience any material or prolonged interruptions to our production process during the Track Record Period and up to the Latest Practicable Date. Our Group conducts regular maintenance on our machinery and equipment, including checking for normal wear and tear, and proper functioning of the machinery and equipment. We incurred maintenance cost of RMB18,000, RMB18,000 and RMB41,000 for each of FY2022, FY2023 and FY2024, respectively. For details of the depreciation policy, please refer to Note 13 of the Accountant's Report as set out in Appendix I to this prospectus.

QUALITY CONTROL AND MANAGEMENT

Our quality control department is responsible for maintaining and operating our quality control system to ensure our products meet our customers' expectation and international industry standards. Any inaccuracies spotted would be timely reported such that appropriate measures can be taken promptly to rectify the inaccuracy and ensure timely delivery of our ordered products. Our quality management system has been certified to ISO 9001:2015 since August 2016. Besides, some customers will inspect our production base regularly to ensure that our quality control is up to their standards. As confirmed by our Directors, we managed to pass all of our customers' inspection on our production facilities during the Track Record Period and up to the Latest Practicable Date.

Our products are sold worldwide and are subject to various safety standards and quality requirements depending on the sales destination and/or customer destination. We have engaged independent product testing and certification organisations to test and certify our products on the relevant standards of the geographical location of sales. For example, our products are certified by FCC in the United States, CE mark in Europe and Bureau of Indian Standards in India, which are the leading product safety and quality standards in the respective market.

As at 31 December 2024, we had a total of 66 quality control staff to conduct our quality control and management procedures. Our key quality control measures are as follows:

Inspection of raw materials	We maintain a list of qualified suppliers and we generally purchase raw materials only from selected qualified suppliers which fulfil our requirements, taking into account factors including, among others, market reputation, licence and qualification. We require our suppliers to provide quality inspection reports for each batch of important raw materials for our production. Our quality control staff will conduct sample check on each batch of the raw materials in accordance with our internal guideline and maintain a record for the inspection. Specifically, we generally require 100% inspection rate for the same raw material in a batch of three or fewer cartons, and at least 50% inspection rate for the same raw material in a batch of over three cartons.
Production quality control	We strictly monitor each step of our production process to ensure it meets our quality control requirements. Each of our staff is required to participate in mandatory training on our operation procedures and quality control requirements. We conduct first-article inspections before mass production or after significant changes such as equipment upgrades, design modifications, or process adjustments, with at least two prototype units tested for compliance with material, appearance, functionality, and packaging standards. In addition, our in-process quality control (IPQC) staff perform routine inspections every two hours, checking key production factors such as materials, equipment settings, and process adherence, with at least five random samples inspected from critical production steps. Any identified defects are immediately flagged, and corrective actions are implemented in accordance with our internal protocols.
Finished products quality control	Our quality control staff conduct quality check on our products before packaging. Such quality check primarily focuses on product appearance, function, safety and sterilisation conditions.

Packaged products quality control	After our products are packaged, our quality control staff would conduct an out-of-box quality inspection on a sampling basis in accordance with the GB2828 standard to ensure that the packaged products are up-to-standard before delivering them to our warehouses. After the quality control staff have confirmed that the quality standards for each process have been satisfied, they will collect the inspection paperwork for each process and issue an inspection report.
On-going reliability test (ORT)	When our products are stored in the warehouses, our quality control staff would conduct continuous performance test of the products on a regular basis to ensure their ongoing reliability. For example, the testing may involve running our products for a certain number of hours under specific conditions to measure their functionality and performance.

OUR SALES CHANNELS

We sell our products through direct sales and sales to distributors. For FY2022, FY2023 and FY2024, our revenue from direct sales amounted to RMB370.5 million, RMB311.2 million and RMB335.3 million, accounting for 94.2%, 89.2% and 95.8% of our total revenue, respectively. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. According to Frost & Sullivan, our sales channels of selling AIDC products through direct sales and sales to distributors are generally in line with industry norm.

Direct sales

Our direct sales primarily involve two types of arrangements: (i) sales framework agreements or one-off sales agreements made directly with customers; and (ii) purchase orders submitted by customers.

(i) Sales framework agreements or one-off sales agreements

We preferably enter into sales framework agreements with our key customers in order to strengthen the business relationship with them. Despite having sales framework agreements in place, our customers, in general, still need to place individual purchase orders with us when they require our products. During the Track Record Period, as confirmed by our Directors, there had not been any material breach of any of the sales framework agreements on our part or by our customers.

For new or infrequent customers, retailers or smaller businesses, we typically enter into one-off sales agreements with them and sell products on a per-order basis. Whether a framework sales agreement or a one-off sales agreement is entered into depends on factors such as the business relationship, customer preferences, and the types and quantities of products involved.

Set out below is a summary of the salient terms of the typical sales framework agreements and typical one-off sales agreements with our customers.

	Sales framework agreements	**One-off sales agreements**
Term	The sales framework agreements generally have a term of one to three years, with or without automatic renewal clause upon expiration.	Not applicable for one-off sales agreements.
Minimum purchase amount	Our customers are not required to purchase a specified minimum purchase amount.	
Pricing policy	The unit price of the products is specified in the sales framework agreements or the individual purchase orders. For details of our pricing policy, please refer to "Customers – Pricing Policy" in this section.	The unit price of the products is specified in the one-off sales agreements. For details of our pricing policy, please refer to "Customers – Pricing Policy" in this section.
Delivery	The locations, delivery date and manner of delivery are specified by our customers in the individual purchase orders.	The locations, delivery date and manner of delivery are specified by our customers in the one-off sales agreements.
Product exchange and return	We generally do not accept product exchange or return, save for products with quality defects which are identified upon receipt or within a specified period of time which is generally three to 45 days upon receipt.	

	Sales framework agreements	One-off sales agreements
Termination	May be terminated (i) by our customers upon prior written notice, or in the event of a breach of contract by our Group, including (a) failure to meet the agreed quality standard, or (b) a material delay in product delivery; or (ii) by mutual agreement between both parties.	Generally no termination clause is set out in the one-off sales agreements.

(ii) Purchase orders

Although we have sales framework agreements in place, our customers, in general, still need to place individual purchase orders with us when they require our products. Such purchase orders are typically submitted through emails and online ordering portals. In addition, we also accept purchase orders from customers through major domestic and international e-commerce platforms, including Amazon, Tmall (天貓), JD.com (京東) and Pinduoduo (拼多多), all of which are Independent Third Parties. These platforms provide us with an additional sales channel to reach a broader customer base, including individual consumers and small businesses. Our collaborations with e-commerce platforms are governed by our service agreements and/or the agreed terms and conditions. The product prices are generally higher for sales through e-commerce platforms in view of, among others, the platform fees charged by such platforms. For FY2022, FY2023 and FY2024, our revenue and gross profit from sales through e-commerce platforms amounted to RMB9.6 million, RMB11.6 million and RMB11.2 million, and RMB2.9 million, RMB4.4 million and RMB4.0 million, respectively, accounting for 2.4%, 3.3% and 3.2% of our total revenue, and 3.2%, 5.1% and 4.0% of our total gross profit during the respective years. During the Track Record Period and up to the Latest Practicable Date, we had not had any material dispute with our e-commerce platforms. Set out below is a summary of our typical arrangement for sales through e-commerce platforms:

Sales process	We list our standardised products on our official online stores on the respective e-commerce platforms, including product photos, descriptions, pricing and stock availability. Customers submit purchase orders directly through the platforms which are then processed by our sales and logistics teams.

Order fulfilment	In certain platform, our inventory is stored in its warehouses and the platform handles the packaging and delivery. For other e-commerce platforms, we typically manage logistics based on our logistics arrangement set out in the section headed "Business – Logistics Management".
Payment settlement	Payments from customers are processed by the e-commerce platforms, which settle the amounts to us based on their respective payment settlement cycles, typically within 10 to 30 days or at fixed intervals of once to twice per month.
Product return	In certain platform, customers return products to its designated warehouses. The platform then processes the return and notifies us regarding the refund or product disposal. If the returned goods are deemed unsellable, we may incur additional disposal fees. For other e-commerce platforms, customers typically return products directly to us. Upon receipt and verification of the returned items, we process corresponding refunds based on the order details.
Platform fees	In certain platform, platform fees are charged per unit sold, and storage and fulfilment fees are charged based on product size and weight. For other e-commerce platforms, platform fees typically consist of a transaction service fee of 0.6% of the sales amount and a commission that varies based on categories of products sold. For FY2022, FY2023 and FY2024, we incurred e-commerce platforms and related service fees of RMB3.7 million, RMB4.3 million and RMB3.0 million, respectively.

Security deposits	We are typically required to pay security deposits to operate on our e-commerce platforms which are refundable after termination. The security deposits primarily serve as a guarantee to ensure compliance with platform rules, protect buyer interests, and cover potential liabilities, and may be forfeited in cases such as breaches of applicable laws, platform agreements, or commitments to buyers.
Product liability	We are responsible for ensuring that our products comply with applicable laws, safety standards, and quality requirements. As sellers, we bear primary liability for any defects, safety issues, or non-compliance.
Customer feedback	We are responsible for addressing customer feedback and resolving disputes arising from our products or services.
Termination	The collaboration may be terminated by, among others, (i) either party's prior written notice; or (ii) the e-commerce platforms if there is any material breach of the agreement terms on our part.

Sales to Distributors

We also sell our products through distributors. As at 31 December 2024, we had a total number of 35 distributors. We generally enter into distribution agreements with our distributors.

Our relationship with our distributors is strictly a business relationship between seller and buyer. We sell our products to distributors who will then sell our products to downstream customers. Under our distributorship model, our distributors will, based on their understanding of the downstream customers' need, place purchase orders to us specifying the products required, specifications, quantity, delivery date and location. For the overseas distributors, the ownership and control of our products will be transferred to our distributors on the basis of FOB (i.e. when the goods are loaded on board at the port of shipment), whilst for the PRC distributors, the ownership and control will be transferred to our distributors upon acknowledgement of receipt of the products by our distributors or the third-party courier companies or any such person as nominated by them. We will recognise the revenue at the point of transfer of the ownership and control of our products to the distributors.

By adopting a distributorship model, we aim to enhance our reach and efficiency in serving end-users across various industries worldwide. While direct sales remain our primary sales channel and it is our strategy to continue to increase the proportion of our direct sales, we also make use of the distribution networks, local market insights, and sales and marketing expertise of our selected competent distributors to ensure alignment with our performance standards and business objectives. By maintaining a small group of distributors, we also avoid the administrative burden and costs associated with managing a large number of distributors. This enables us to penetrate different countries and regions more efficiently and effectively when compared to direct sales and marketing alone, without incurring substantial costs. According to Frost & Sullivan, our adoption of distributorship business model is generally in line with industry norm.

During the Track Record Period, save for revenue of less than RMB20,000 generated from four distributors, all of our revenue generated from our distributors was from those with recurring orders. Sales are regarded as recurring in nature if the distributor concerned purchased more than once from us since the commencement of our business relationships and up to the Latest Practicable Date. For FY2022, FY2023 and FY2024, sales to nil, one and one distributors amounted to 10% or more of our total revenue from sales to distributors, respectively, and the revenue generated from these distributors accounted for nil, 1.2% and 1.9% of our total revenue for the respective years. To the best knowledge and information of our Directors, these distributors are Independent Third Parties.

Set out below are the revenue, gross profit and gross profit margin of direct sales and sales to distributors during the Track Record Period:

	FY2022			FY2023			FY2024		
	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*	*%*
Direct sales	370,542	86,269	23.3	311,219	76,317	24.5	335,344	92,594	27.6
Sales to distributors	22,731	3,592	15.8	37,530	9,147	24.4	14,718	6,771	46.0
Total	393,273	89,861	22.8	348,749	85,464	24.5	350,062	99,365	28.4

The gross profit margin for sales to distributors increased from 15.8% for FY2022 to 24.4% for FY2023, primarily due to the increase in our overseas sales of scales which have higher gross profit margin. The gross profit margin for sales to distributors further increased to 46.0% for FY2024, primarily due to increase in our sales of newly launched hazardous waste label printers with higher gross profit margin in the fourth quarter of FY2024.

Set out below is the movement of number of distributors during the Track Record Period:

	Number of PRC distributors	Number of overseas distributors	Total number of distributors
As at 1 January 2022	45	28	73
Addition during the year	8	7	15
Reduction during the year	8	4	12
As at 31 December 2022	45	31	76
As at 1 January 2023	45	31	76
Addition during the year	11	3	14
Reduction during the year	2	3	5
As at 31 December 2023	54	31	85
As at 1 January 2024	54	31	85
Addition during the year	8	5	13
Reduction during the year	35	28	63
As at 31 December 2024	27	8	35

As at 31 December 2022, 2023 and 2024, we had 76, 85 and 35 distributors, respectively. For FY2022, FY2023 and FY2024, we had 15, 14 and 13 new distributors, and 12, 5 and 63 distributors whose distribution agreements were not renewed by us, respectively. The turnover rates of our distributors were 16.4%, 6.6% and 74.1% for FY2022, FY2023 and FY2024, respectively. Such turnover rates were calculated by dividing the reduction in the number of distributors during the year by the number of our distributors as at the beginning of the year and multiplied by 100%.

The decrease in our sales to distributors and the number of our distributors for FY2024 were primarily attributable to our strategies (i) to increase the proportion of our direct sales, in consideration of our amplified efforts in sales and marketing through participation in more exhibitions and trade fairs, providing direct opportunities for us to reach out to potential customers and acquire new ones; (ii) to deepen our business collaborations with selected competent distributors and maintain only a small group of distributors so as to ensure alignment with our performance standards and business objectives, while reducing our administrative burden in managing a larger number of distributors, thereby allowing us to make use of the distribution networks, local market insights, and sales and marketing expertise of our distributors without incurring substantial costs; and (iii) not to renew the distribution agreements of distributors with overall unsatisfactory performances, such as failing to meet the minimum purchase requirements when we assessed their sales performance and qualifications.

Set out below is a summary of the salient terms of the typical framework distribution agreements with our distributors:

Term	The distribution agreements typically have a term of one year, renewable upon mutual agreement of the parties.
Geographical exclusivity	Our distributors are generally only allowed to sell the product models specified in the framework distribution agreements and may not sell or advertise our products online or outside their designated distribution areas. To minimise the risk of cannibalisation, when selecting our distributors, we take into consideration their respective geographic coverage as well as distribution channels in order to avoid potential competition among the distributors within a region.
Pricing policy	We generally provide price guidance for our products to our distributors based on market conditions.
Minimum purchase amount	We typically set minimum purchase amount for our distributors. We would generally provide sales rebate of up to 5% by setting off the next purchase of our distributors if they successfully meet the minimum purchase amount and renew the distribution agreement.
Product exchange and return	We generally do not accept product exchange or return save for products with quality defects and products which do not conform with specifications.
Termination	We are entitled to terminate the distribution agreements if the distributors breach their undertakings therein.

During the Track Record Period and as at the Latest Practicable Date, (i) no distributors were terminated due to underperformance, and there was no early termination of any distribution agreements; and (ii) save for two instances of product returns amounted to approximately RMB61,000 and RMB76,000 in FY2023 and FY2024, respectively, there were no other product exchanges or returns from our distributors. To the best knowledge and information of our Directors, all of our distributors were Independent Third Parties during the Track Record Period.

Selection of Our Distributors

Our sales department is responsible for identifying potential distributors based on various factors, including but not limited to geographical location, scale of operation, distribution network, market expertise, regional influence and creditworthiness. After evaluating potential distributors, our sales department submits proposals to our management for approval. In addition, we assess the sales performance and qualifications of our distributors when their distribution agreements are due to be renewed. Agreements may not be renewed if the distributors have overall unsatisfactory performances, such as failing to meet the minimum purchase requirements, when we assess their sales performance and qualifications.

Management of Our Distributors

We primarily govern the conducts of our distributors through distribution agreements and we have implemented a distributor management policy to manage our distributors. When there is any material breach of our distributorship agreements on the part of our distributors, we have the right to unilaterally terminate the agreement.

We generally provide recommended price based on market conditions, as set out in our price guidance for products to distributors. The price guidance for the same product may vary according to the geographical location of our distributors; however, the recommended prices for our distributors under the price guidance typically align with the prices of products for direct sales in the same geographical location.

According to the distributor management policy, (i) we regularly review the terms of our distributorship agreement and monitor the implementation of terms by assigning a designated area in which our distributors are allowed to sell our products, and we may continue to authorise our distributors to sell designated products exclusively within their designated geographic regions; (ii) we review the selection of our distributors; and (iii) we also obtain market feedback from our distributors on any allegation of suspected irregular sales and conduct further enquiry if necessary.

We regularly enquire on the inventory level of our distributors by way of written confirmation to monitor the inventory level of our distributors. We monitor our sales level to distributors to see if there are any unusual movements on the sales pattern to distributors, and in practice, we review sales records to distributors before we process new purchase order. We compare our direct sales to the countries where we have distributors with the sales to relevant distributors to see if the sales trend to the relevant distributors is consistent with our direct sales to those countries. If there is any inconsistency, we make enquires with the distributors where necessary. We also conduct random site visits to visit our distributors in order to ensure that they are operating in accordance with the terms of our distributorship agreements. During the Track Record Period and as at the Latest Practicable Date, we did not detect any anomalies, such as exaggerating sales or selling outside designated distribution areas by our distributors.

We believe that our policy of not accepting product returns from our distributors save for defects in product quality, together with other measures in connection with management of our distributors, promote effective distributor management.

CUSTOMERS

We have strived to strengthen and develop our customer base since our establishment. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024.

Our Major Customers

For each of FY2022, FY2023 and FY2024, our revenue from our top five customers in each year accounted for approximately RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period. During the same periods, the revenue from our largest customer amounted to approximately RMB90.0 million, RMB62.6 million and RMB41.2 million, respectively, accounting for 22.9%, 18.0% and 11.8% of our total revenue, respectively. The revenue from our top five customers decreased during the Track Record Period primarily due to the decrease in revenue from Customer Group A, resulting from the softened market demands for portable study printer for self-study when physical lessons or tutoring had revived after the impact of COVID-19.

The following table sets forth our top five customers during the Track Record Period and their respective background information:

FY2022

Ranking	Customer	Type of sales channel	Major products sold	Revenue *(RMB'000)*	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	89,969	22.9	30 days	Bank transfer	2020	The group companies of a company based in the PRC with registered capital of US$153 million, which are engaged in the sales of a leading brand of portable study printers in the PRC.
2	Customer C	Direct sales	Printing equipment	34,605	8.8	Nil*(Note)*	Bank transfer	2018	A private company based in Hong Kong with registered capital of HK$1 which is primarily engaged in the trading of E-print and display products.
3	Customer Group B	Direct sales	Printing equipment	15,162	3.9	120 days	Bank transfer	2018	The group companies and/or associated companies of a Fortune 500 company headquartered in the United States and listed on NASDAQ, which are primarily engaged in fire service and equipment installation, wholesale of smart control system equipment and production of barcode scanners.
4	Raycloud Technology Group	Direct sales	Printing equipment	14,086	3.6	10 business days	Bank transfer	2017	The group companies of Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司), a company based in the PRC and listed on the Sci-tech Innovation Board of Shanghai Stock Exchange (stock code: 688365) with market capitalisation of over RMB6 billion, which is one of our Pre-IPO Investors, which are primarily engaged in internet technology services and production of receipt printers.
5	Posiflex Group	Direct sales	Printing equipment and scales	10,923	2.8	30 days	Bank transfer	2016	The group companies of Posiflex Technology, Inc., a company based in Taiwan, China and listed on the Taiwan Stock Exchange (stock code: 8114) with market capitalisation of over TWD22 billion, which are primarily engaged in manufacturing and sales of POS terminals and POS-related peripherals.
Total:				164,744	41.9				

FY2023

Ranking	Customer	Type of sales channel	Major products sold	Revenue *(RMB'000)*	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	62,609	18.0	30 days	Bank transfer	2020	As disclosed in the table above.
2	Raycloud Technology Group	Direct sales	Printing equipment	29,868	8.6	10 business days	Bank transfer	2017	As disclosed in the table above.
3	Posiflex Group	Direct sales	Printing equipment and scales	14,355	4.1	30 days	Bank transfer	2016	As disclosed in the table above.
4	Customer Group B	Direct sales	Printing equipment	12,748	3.7	120 days	Bank transfer	2018	As disclosed in the table above.
5	Partner Tech Group	Direct sales	Printing equipment	6,661	1.9	Nil *(Note)*	Bank transfer	2019	The group companies of Partner Tech Corp., a company based in Taiwan, China whose shares are traded on the Emerging Stock Board of the Taipei Exchange (stock code: 3097) with market capitalisation of over TWD2.0 billion, which are primarily engaged in manufacturing and sales of POS terminals and related peripherals.
Total:				126,241	36.2				

FY2024

Ranking	Customer	Type of sales channel	Major products sold	Revenue *(RMB'000)*	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	41,222	11.8	30 days	Bank transfer	2020	As disclosed in the table above.
2	Raycloud Technology Group	Direct sales	Printing equipment	24,451	7.0	15 business days	Bank transfer	2017	As disclosed in the table above.
3	Customer Group B	Direct sales	Printing equipment	10,860	3.1	120 days	Bank transfer	2018	As disclosed in the table above.
4	Posiflex Group	Direct sales	Printing equipment and scales	10,559	3.0	30 days	Bank transfer	2016	As disclosed in the table above.
5	Shanghai Innovative Services Co., Ltd.* (上海鋒翔工貿有限公司)	Direct sales	Printing equipment	7,956	2.3	Nil *(Note)*	Bank transfer	2023	A private company based in the PRC with registered capital of RMB10 million and is primarily engaged in the sales of cleaning tools.
				95,049	27.2				

Note: Nil represents payment upfront in full.

Our Directors confirm that as at the Latest Practicable Date, all of our top five customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company's share capital as at the Latest Practicable Date has any interest in any of our top five customers during the Track Record Period and up to the Latest Practicable Date.

Pricing Policy

We generally adopt a cost-plus pricing method for our standardised and customised products under all the OBM, ODM and OEM models. Our product pricing policy takes into account a number of factors, including projected production volumes, estimated cost of raw materials, production and design complexities of products, logistics, currency rate, taxes, available production capacity, as well as our strategic business objective and plans. Our product pricing also reflects costs invested by us during the product development process as well as price reduction initiatives from our customers. We then include a markup over the estimated costs to determine the guidance prices of our products. We will adjust the markup depending on the market condition and the competitive environment on a case-by-case basis. We maintain separate price lists for our standardised products for overseas sales and domestic sales, respectively. The price differences for our domestic and overseas sales of standardised products reflect a variety of factors, including market conditions and logistics in the domestic and overseas markets. Meanwhile, prices of customised products are determined on a case-by-case basis with reference to our pricing policy, in particular, the level of R&D effort required, the complexity of product specifications and the projected order volume. On some occasions, we receive enquiries from customers for discounts and may offer a discounted price to customers to strategically build up our business portfolio and establish long-term relationships with them, subject to approval by our management on a case-by-case basis.

The credit terms offered to our customers including distributors vary depending on the location, credibility, industry practice, volume of purchases, the customer's bargaining power and our relationship with the customer as well as general market conditions. We generally grant a credit term of within four months to our customers and our payments are generally settled by bank transfers. For details, please refer to the section headed "Financial information – Description of Selected Items of Consolidated Statements of Financial Position – Trade and Note Receivables" in this prospectus.

LOGISTICS MANAGEMENT

Sales to PRC Customers

Our products are delivered to PRC customers or destinations by third-party courier companies, and in general, not covered by insurance. The entity responsible for bearing the transportation cost is determined on a case-by-case basis.

Sales to Overseas Customers

Our sales to overseas customers or designations are usually conducted on a free on board (FOB) basis, and third-party logistics providers, including courier companies, are engaged for delivery. Our Directors believe that any increase in transportation costs will not materially affect customer demand for our products. This is because such an increase would have an industry-wide impact on the suppliers of such products, including our competitors in the same region, if overseas customers intend to make purchases from the same regions where we are located. Additionally, our competitive strengths, including our established market position in the AIDC devices and solutions market and our comprehensive and stringent quality control and management, are expected to secure customer loyalty, and we anticipate that customers will continue to purchase from us despite the increase in transportation costs.

For delivery by sea or air freight, courier companies will deliver our products to the port or airport of departure for loading. The courier companies will then be responsible for the remaining delivery arrangement to overseas designations. For sales involving smaller quantities and shorter delivery lead times, courier companies may be engaged to provide point-to-point delivery services, and the courier charges incurred will be reimbursed by our customers.

We generally do not purchase any insurance for the delivery of goods to overseas customers or overseas designations, which is in line with industry norm. During the Track Record Period, the courier companies engaged by us were Independent Third Parties.

During the Track Record Period, there had been no material disruption or delay in the delivery of products to our customers.

SALES AND MARKETING

Geographical Location of Our Sales

We have an extensive business network in China and around the world. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

The following table sets out information about our revenue by destination of delivery and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	214,756	54.6	190,054	54.5	185,272	52.9
Asia (except the PRC)*(Note 1)*	53,232	13.5	58,860	16.9	56,894	16.3
Europe*(Note 2)*	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)*(Note 3)*	16,714	4.2	14,938	4.3	20,265	5.8
Africa*(Note 4)*	9,868	2.5	5,651	1.6	10,750	3.1
Oceania*(Note 5)*	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Notes:

1. Our sales to Asia include, among others, sales to Malaysia, the United Arab Emirates, India, Thailand, Japan, South Korea, and the Philippines but exclude the PRC.

2. Our sales to Europe include, among others, sales to Spain, Netherlands, France, Germany and Italy.

3. Our sales to the Americas include, among others, sales to Mexico, Argentina, Brazil and Canada but exclude the United States.

4. Our sales to Africa, include, among others, sales to South Africa and Algeria.

5. Our sales to Oceania include, among others, sales to Australia and New Zealand.

Our Sales and Marketing Channels

Our sales and marketing teams play a vital role in driving sales growth, promoting our products, and maintaining customer relationships. Their responsibilities include soliciting new customers, handling inquiries, preparing for exhibitions and trade fairs, producing marketing materials, and providing customer services.

Our sales and marketing are primarily conducted through (i) participating in local or international exhibitions and trade fairs; (ii) e-commerce platforms; (iii) social media platforms; (iv) direct contact with the potential or existing customers; and (v) tender by invitation. The following table sets forth details of the ways in which we reach out to potential customers and acquire new ones:

Exhibitions and trade fairs	We attend both PRC and international exhibitions and trade fairs, such as the China Retail Trade Fair (CHINASHOP), the Retail's Big Show held by the National Retail Federation (NRF), and the EuroShop to promote our products, enhance our brand recognition, and analyse the market demand for our products. Prior to each exhibition or trade fair, we will arrange intensive technical and sales training for our sales and marketing staff responsible for the exhibition or trade fair. Our technical staff will provide technical knowledge on the products, while the sales departments will train the staff on exhibition techniques. During the exhibition or trade fair, our customers can make purchase orders directly with our sales and marketing representatives and the standard sales arrangement would apply. For potential customers, our sales and marketing staff would record the customer information such as the time of the visit, their preference and the questions raised. Follow-up liaison may be initiated with the potential customers after the exhibitions and trade fairs.
E-commerce platforms	We make use of e-commerce platforms such as Tmall and Amazon to extend our reach. Such platforms allow us to advertise our products to a wide audience of potential buyers, and reach new customers who may not have otherwise been aware of our offerings. With targeted advertising options and a large user base, these e-commerce platforms allow us to reach our target market, shorten the reaching path to the end users of our products, and increase our brand visibility. End users can place orders for products that are available on our online stores at the relevant e-commerce platforms and make payments through the electronic settlement services available on such platforms. For details, please refer to "Our Sales Channels – Direct Sales – (ii) Purchase Orders" in this section.

Online content-sharing platforms	We engage our potential customers and showcase our products through our official accounts on various online content-sharing platforms, including Weibo, Weixin, Douyin, Facebook, Youtube, Youku and Bilibili. We post regular updates about our products and our business to keep the market informed of our latest developments.
Direct contact	We actively reach out to our potential customers directly by finding their contact information and making cold calls to them. We also update our existing customers about our latest products and innovations from time to time. We commonly engage in business visits to our potential and existing customers to promote our products, discuss potential partnerships or collaborations, and establish or maintain business relationship. Business visits provide an effective presentation of our products and the benefits they offer. Through direct communication with our customers, we can also gain valuable insights into the needs and preferences of our potential customers, which can be used to refine our marketing strategies and product offerings.

Tender by invitation Occasionally, some of our customers, particularly those with large-scale business operations and specific product customisation requirements, may invite us to participate in tender by invitation. We typically learn of such opportunities through our marketing initiatives (including participation in exhibitions and trade fairs), industry networks, or publicly available information from potential customers. In considering whether to participate in a tender by invitation, we generally take into account factors such as the profitability of the business opportunity, feasibility based on our capacity, expertise and resources availability. The tender by invitation process generally begins with receiving the official tender documents, which outline the project requirements. We then submit our proposal, outlining relevant qualifications, certifications and other details, depending on the customer's specific request. If selected as the successful bidder, we would receive an official notice from our customer and proceed to negotiate and finalise the terms of the cooperation. During the Track Record Period, we participated in 31 tender by invitation with a success rate of 54.8%.

For FY2022, FY2023 and FY2024, our selling and marketing expenses amounted to RMB24.8 million, RMB22.5 million and RMB25.0 million, respectively.

After-sales Services

We strive to establish a responsive service system that provides our customers with timely hardware and software technical support, as well as advisory services and solutions. We aim to ensure that both our domestic and international customers receive excellent after-sales support. As at the Latest Practicable Date, we provided after-sales support to our customers in the New Xiamen Base. We have also set up a customer service hotline for handling complaints and product issues. Additionally, our sales team members regularly follow up with customers to gather feedback on our products. We generally allow for product returns or exchanges for defective products or damaged products based on our examination and approval. Due to our refined quality control and management, we managed to maintain a low product return rate. For FY2022, FY2023 and FY2024, the total products returned by our customers due to product defect amounted to RMB0.8 million, RMB0.1 million and RMB0.1 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product liability or legal claims on our products, nor did we experience any material complaint, product recalls, exchange or sales returns.

Our products typically come with a standard 12-month quality warranty from the date of acceptance. During the warranty period, we provide free maintenance, repair or replacement of certain parts or accessories for manufacturing defects. After the warranty period, we also provide paid repair service for our products.

SEASONALITY

Our Group's revenue is generally not significantly impacted by seasonality factors due to our diversified product mix and established customer base across different countries. In the fourth quarter of 2024, we had slightly more purchase orders before festivals, including Halloween, Double 11 Shopping Festival, Black Friday, Double 12 Shopping Festival and Christmas. Our results of operations may be affected by seasonal fluctuations in demand for our products in the future and the degree of seasonality may vary from year to year.

THIRD PARTY PAYMENTS

Background

During the Track Record Period, some of our customers (the "**Relevant Customer(s)**") settled their payments to us through third party payors (the "**Third Party Payment Arrangement(s)**"). In FY2022, FY2023 and FY2024, the number of the Relevant Customers was 100, 114 and 28, respectively, and the number of the third party payors was 127, 149 and 32, respectively. The revenue attributable to transactions subject to the Third Party Payment Arrangements was approximately RMB13.9 million, RMB14.5 million and RMB8.2 million for FY2022, FY2023 and FY2024, respectively, representing approximately 3.5%, 4.2% and 2.3% of our total revenue for the corresponding periods. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. During the Track Record Period, (i) the Relevant Customers primarily comprised overseas customers who purchased our products through direct sales; and (ii) the third party payors principally comprised the customers, suppliers or agents of the Relevant Customers who have business dealings with the Relevant Customers, and third party financial institutions entrusted by the Relevant Customers. To the best knowledge of our Directors after making reasonable enquiries, (i) the Third Party Payment Arrangements were generally required to be made by certain Relevant Customers to save time and costs for foreign exchange settlement in international transactions due to business convenience; (ii) all of the Relevant Customers and the third party payors were Independent Third Parties; and (iii) save as disclosed above, none of the Relevant Customers or their respective third party payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with our Company, its subsidiaries, Shareholders, Directors or senior management, or any of their respective associates. As confirmed by our Directors, we have ceased to accept sales orders with settlement of payments through third party payors since 30 September 2024. Considering that (i) the total amount of transactions subject to the Third Party Payment Arrangements accounted for less than 5% of our total revenue for each of FY2022, FY2023 and FY2024, and was minimal to our business; and (ii) all trade receivables associated with sales orders settled by third party payors have been fully settled as at the Latest Practicable Date, our Directors are of the view that the cessation of the Third Party Payment Arrangements has not materially impacted our liquidity or financial performance up to the Latest Practicable Date.

As advised by our PRC Legal Advisers, the Third Party Payment Arrangement(s) is merely an assignment of liability from the Relevant Customers to third party payors pursuant to the Civil Code of the PRC (中華人民共和國民法典) and the Third Party Payment Arrangement(s), once it comes into effect, constitute valid and binding obligations on each of the parties involved, and such arrangement(s) itself do not contravene or circumvent the (i) Civil Code of the PRC; and (ii) applicable money-laundering laws in all material aspects provided that the receipt of payment was performed solely as settlement of sales of goods and not related to any criminal proceeds. The pricing and payment terms we provide to the Relevant Customers are generally in line with those of customers not involved in the Third Party Payment Arrangements. To the best knowledge and information of the Company, we had not been the subject of any investigations, enquiries, penalties, surcharges or additional tax payments as a result of the Third Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Internal Control Measures

To safeguard our interest against risks associated with Third Party Payment Arrangements, we have implemented various internal control measures to mitigate the relevant risks, including, among other things:

(i) our finance department shall verify the consistency of the payor's bank account information with the customer's bank account information stated in the contract or obtained from the customer;

(ii) if any third party payment is identified, we will arrange refund and request the customer to arrange payment directly; and

(iii) our internal audit department shall conduct random inspections on the implementation of the above measures from time to time to ensure compliance.

BUSINESS ACTIVITIES WITH REGION SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organisation, including the United States, the European Union, the United Kingdom, the United Nation, and Australia (the "**Relevant Jurisdictions**"), maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries or territories for which the Relevant Jurisdictions maintain various forms of sanctions programs in place.

Products provided to a country subject to International Sanctions

During the Track Record Period, we sold printing equipment to a customer located in Iran (the "**Iran Customer**"), a country subject to International Sanctions. We became acquainted with the Iran Customer, a company principally engaged in the sale of printing equipment business, at an international exhibition and trade fair and established business relationship with them in around 2018. During the Track Record Period, we delivered products directly to Iran upon receipt of purchase orders from the Iran Customer. For FY2022, FY2023 and FY2024, our sales to the Iran Customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. Given the de minimis transaction amount with the Iran Customer, our Directors are of the view that such cessation does not have any material impact on our Group's financial position and business operations.

Our legal adviser as to International Sanctions law performed the following procedures to evaluate our risk of exposure to penalties imposed under International Sanctions laws and regulations:

(a) reviewed documents provided by us about our Group, our business operations, revenue and sales contracts or purchase orders. The review involved understanding of our Group's method of sales and marketing, where those sales and marketing efforts took place, advertising and promotional efforts, delivery efforts, the methods by which our Group invoiced and received payments for its product deliveries and a number of other factors;

(b) reviewed the Iran Customer against the lists of persons and organisation subject to International Sanctions, and confirmed that they are not on such lists; and

(c) as confirmed by our Company, neither our Group nor any of our affiliates (including any representative office, branch, subsidiary or other entity which forms part of our Group) conducted during the Track Record Period any business dealings in or with any other countries or persons that are subject to International Sanctions, other than the extremely limited transaction with the Iran Customer.

Following the aforementioned due diligence process, our legal adviser as to International Sanctions laws reached conclusions on a number of factors that were critical to forming views on any risks that were presented by our Group's business in sanctioned countries or jurisdictions, including primary sanctioned activity or secondary sanctionable activity. These conclusions included the following:

(i) neither our Company nor any of our Group entities are incorporated in the United States and our Group does not maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States;

(ii) none of our Company and its subsidiaries, nor any of their respective directors and senior officers are U.S. persons;

(iii) no U.S. persons employed or otherwise engaged by our Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of our Group involving the sanctioned countries or jurisdiction;

(iv) no financing or financial assistance has been received by our Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States;

(v) no products supplied, sold, exported or otherwise transferred by our Group to the Relevant Jurisdictions incorporate more than 10% value of U.S.-origin content;

(vi) none of the finished products sold to the Iran Customer were covered by U.S. owned intellectual property rights;

(vii) none of our Group's counterparties during the Track Record Period was an individual, entity or organisation that has been designated as a Specially Designated Nationals or Blocked Person ("**SDNs**");

(viii) no services have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List, Denied Parties List, the Military End User List (Supplement No. 7 to part 744 of the EAR (as defined in Clause 4.2.2)) or Unverified List (collectively, the "**BIS List**");

(ix) our Group's services and activities did not involve industries or sectors that are currently subject to specific sanctions by the United States;

(x) our Group sold an extremely limited volume of printing equipment in a manner where such products were delivered to Iran; other than those limited number of transactions, our Company has not undertaken, either directly or indirectly, a contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Cuba, Iran, North Korea, Sudan, Syria or the sanctioned areas of Ukraine (these countries or territories are currently subject to comprehensive U.S. sanctions). The total revenue in U.S. dollar received from our Group's sales to Iran that were delivered to Iran was in aggregate approximately nil, 0.1% and nil of our Group's total revenue, for FY2022, FY2023 and FY2024, respectively;

(xi) with respect to the transactions involving the Iran customer, the U.S. dollar payments prior to FY2022 were so small to be de minimis. Further, none of the Iranian sales contracting parties or any entity, person or organisation involved are specially identified as SDNs by the Office of Foreign Assets Control of the Department of the Treasury of the U.S. ("**OFAC**"). Lastly, our Group discontinued all contacts, including sales efforts and product deliveries to Iran in January 2024, and has implemented policies to assure that none of its products will be sold or delivered to Iran after that date; and

(xii) the goods involved in our Group's minimal sales to Iran were all non-U.S. origin products which, had they been of U.S. origin, would be classified as EAR99 under the U.S. Export Administration Regulations. In other words, they were not listed on the U.S. Commerce Control List under a specific ECCN.

Based on the due diligence investigation of our Company's legal adviser as to International Sanctions laws and the conclusions itemised above, our Company's legal adviser as to International Sanctions laws further considered that the sales activities to Iran did not involve any intentional wrongdoing, negligence or disregard for international rules and regulations. Given the scope of our Global Offering and the expected use of proceeds as set out in this prospectus, our legal advisers as to International Sanctions law is of the view that (i) the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on such parties, including our Company, our investors, our Shareholders, the Stock Exchange and its Listing Committee and group companies, or any person involved in the Global Offering; and (ii) accordingly, the sanction risk exposure to our Company, our investors and our Shareholders, and persons who might, directly or indirectly, be involved in permitting the Listing, trading and clearing of our Shares (including the Stock Exchange, its Listing Committee and related group companies) is very low. Furthermore, our Company confirms and undertakes that the proceeds from the Global Offering would not be used to finance or facilitate activities or business with any sanctioned country and sanctioned target.

Our Directors confirm that we have not been notified that any International Sanctions will be imposed on us for our products provided to Iran during the Track Record Period. As advised by our legal advisers as to International Sanctions law, the Iran Customer is not specifically identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or other restricted parties lists maintained by the United States, the European Union, Australia and the United Nation and therefore would not be deemed as a sanctioned target. As advised by our legal advisers as to International Sanctions law, our products provided to Iran during the Track Record Period did not involve industries or sectors that are currently subject to International Sanctions and therefore are not deemed to be prohibited activities under the relevant International Sanctions and there is no investigation of any kind or by any regulatory or government authority regarding our sales to Iran.

As a result, our Company's legal adviser as to International Sanctions laws has concluded that there is no material risk that any regulator would impose sanctions in connection with these transactions, and no remedial actions are necessary to be conducted by the Group related to the Iran transactions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the view of our Company's legal adviser as to International Sanctions laws, there is no apparent or material sanctions risk, including primary sanctioned activity or secondary sanctionable activity, presented by our Group's business transactions during the Track Record Period.

Our internal control measures to minimise sanctions risks

In order to identify and monitor our exposure to risks associated with International Sanctions laws relating to these sales, we have implemented the following measures to control and monitor our exposure to sanctions risks:

– we have adopted a trade compliance policy for the purposes of complying with applicable International Sanctions enacted by Relevant Jurisdictions;

– our trade compliance policy includes appropriate procedures (i) to screen foreign customers and suppliers against the lists of individuals, entities, and regions subject to International Sanctions enacted by the Relevant Jurisdictions; (ii) to determine the extent to which our business with foreign customers and suppliers may expose our Company to legal, commercial, or reputational risks; and (iii) to determine appropriate measures to mitigate such risks;

– our Board oversees and coordinates the implementation of the trade compliance policy;

– our Board has engaged external legal advisers with relevant expertise and experience in International Sanctions matters to evaluate the sanctions risk as and when necessary and formulates risk management measures taking into account the advice and recommendations provided by such external legal advisers;

- we regularly arrange compliance training for our Directors, senior management, and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations; and

- our Board will monitor and regulate the use of proceeds from the Global Offering to ensure that such proceeds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any sanctioned country or any other government, individual, or entity sanctioned by the Relevant Jurisdictions.

Our Company confirms and undertakes not to enter into any future business or make any future sales to Iran or any comprehensive sanctioned countries or targets that would implicate restrictions under International Sanctions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the advice of our legal adviser as to International Sanctions, the above measures are adequate and effective for us to comply with applicable International Sanctions laws and to address sanctions risks, and our transactions with the Iran Customer during the Track Record Period did not result in, and we are not subject to, any material sanctions risk.

SUPPLIERS

We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. We select our suppliers based on a number of factors, including but not limited the history of our relationship with them, product quality, supply capacity, price, and proximity with our production base.

Our cost of raw materials in relation to production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively. The total purchase of our top five suppliers in each year amounted to approximately RMB79.3 million, RMB70.4 million and RMB55.9 million for FY2022, FY2023 and FY2024, respectively, representing approximately 26.1%, 26.7% and 22.3% of our total cost of sales during the same period. During the same periods, the purchase from our largest supplier amounted to approximately RMB35.2 million, RMB31.5 million and RMB22.9 million, respectively, accounting for 11.6%, 12.0% and 9.1% of our total cost of sales, respectively. We have developed stable relationships with our top five suppliers for the Track Record Period ranging from four to seven years. For a sensitivity analysis of the impact of fluctuations in our cost of raw materials, please refer to the section headed "Financial Information – Significant Factors Affecting Our Financial Condition and Results of Operations – Relationship with Our Suppliers and Cost of Raw Materials – Sensitivity Analysis" in this prospectus.

The following table sets forth our top five suppliers during the Track Record Period and their respective background information:

FY2022

Ranking	Supplier	Major products purchased	Purchase *(RMB'000)*	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
1	Shun Bai Group	Printheads and other hardware components	35,225	11.6	30 days	Bank transfer	2017	A private company based in the PRC with RMB5 million, and its subsidiary based in the PRC, which are primarily engaged in the wholesale and sales of electronic devices.
2	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	12,374	4.1	90 days	Bank transfer	2017	A private company based in the PRC with registered capital of approximately RMB0.6 million, which is primarily engaged in the manufacturing, wholesale and retail of plastic products and metal products.
3	Shandong Hualing Electronics Co., Ltd.* (山東華菱電子股份有限公司)	Printheads	11,864	3.9	30 days*(note)*	Bank transfer	2017	A private company based in the PRC with registered capital of RMB95.6 million, which is primarily engaged in development, design and manufacturing of thermal print heads and supporting electronic components.
4	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	11,562	3.8	30 days	Bank transfer	2019	A private company based in the PRC with registered capital of RMB20 million, which is primarily engaged in R&D of power supply technology and testing, production and sales of electronic products.
5	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	8,234	2.7	60 days	Bank transfer	2017	A private company based in the PRC with registered capital of RMB2 million, which is primarily engaged in the manufacturing and sales of plastic products.
Total:			79,259	26.1				

FY2023

Ranking	Supplier	Major products purchased	Purchase	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
			(RMB'000)					
1	Shun Bai Group	Printheads and other hardware components	31,522	12.0	30 days	Bank transfer	2017	As disclosed in the table above.
2	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	13,263	5.0	30 days	Bank transfer	2019	As disclosed in the table above.
3	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	9,456	3.6	90 days	Bank transfer	2017	As disclosed in the table above.
4	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	9,185	3.5	60 days	Bank transfer	2017	As disclosed in the table above.
5	Xiamen Xinheda Electronics Co., Ltd.* (廈門信和達電子有限公司)	Other hardware components	6,996	2.7	30 days	Bank transfer	2017	A private company based in the PRC with registered capital of RMB100 million, which is primarily engaged in the retail and wholesale of electronic products and other mechanical equipment.
			70,422	26.7				

FY2024

Ranking	Supplier	Major products purchased	Purchase	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
			(RMB'000)					
1	Shun Bai Group	Printheads and other hardware components	22,859	9.1	30 days	Bank transfer	2017	As disclosed in the table above.
2	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	9,415	3.8	60 days	Bank transfer	2017	As disclosed in the table above.
3	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	8,537	3.4	60 days	Bank transfer	2019	As disclosed in the table above.
4	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	8,357	3.3	90 days	Bank transfer	2017	As disclosed in the table above.
5	JWIPC Technology Co. Ltd.	Other hardware components	6,742	2.7	30 days	Bank transfer	2021	A company based in the PRC and listed on Shenzhen Stock Exchange (stock code: 001339) with market capitalisation of over RMB14 billion, which is primarily engaged in the provision of intelligent Internet of things (IoT) hardware products and solutions.
Total			55,910	22.3				

Note: Nil represents payment upfront in full.

Our Directors confirm that as at the Latest Practicable Date, all of our top five suppliers were Independent Third Parties. To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company's share capital as at the Latest Practicable Date has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we did not experience any material dispute with our suppliers, difficulties in the procurement of our raw materials, interruptions in our operations due to a shortage or delay of raw materials or significant fluctuations in material prices. We do not rely on any of our current suppliers as there are viable substitutes available on the market to meet our needs at a comparable price and quality. We keep a list of qualified suppliers for our principal raw materials. Selection of the qualified suppliers are based on various criteria, including quality, price, location, and reputation. We are able to secure a stable raw materials supply and procure raw materials at competitive market prices as we believe our good trade reputation, large production scale and relationships with our suppliers make us one of their preferred business counterparties.

We generally enter into supply framework agreements with our suppliers and place individual procurement orders for each procurement. We and our suppliers generally determine the unit price of the materials for a specified purchase quantity with reference to the type and market price of the raw materials. Set out below is a summary of the salient terms of the typical supply framework agreements with our suppliers:

Term	The supply framework agreements generally have a term of one year, with an automatic renewal clause upon expiration.
Raw materials	The type and specification of raw materials required are specified in the individual procurement orders.
Minimum purchase amount	We are not required to purchase a specified minimum purchase amount. The quantity of raw materials required is specified in the individual procurement orders.
Payment and settlement terms	Our suppliers generally offer us a credit term of nil to 90 days. Settlement shall be made by bank transfer or bank drafts.
Delivery	The locations, delivery date and manner of delivery are specified by us in the individual procurement orders.
Product exchange and return	For raw materials that do not meet the required standards, we are entitled to request a return or exchange. Upon notification, suppliers shall promptly retrieve and replace the substandard raw materials.
Termination	We may terminate the supply framework agreements and claim for losses if the quality of the raw materials does not meet the required standard.

In addition, we generally require our suppliers to sign quality assurance agreements and they are responsible for any quality defect that are caused by the substandard direct materials supplied. Set out below is a summary of the salient terms of the typical quality assurance agreements with our suppliers:

Term	The quality assurance agreements generally have a term of one year, with an automatic renewal clause upon expiration.
Required standards	The required standards of quality management systems and inspection of raw materials are set forth in the quality assurance agreement. We typically require our suppliers to satisfy our acceptance inspection pursuant to the GB2828 standard.
Quality assurance procedures	Our suppliers shall conduct quality control of raw materials and keep proper records for our inspection. We may supervise, inspect and assess the quality control of our suppliers' production process. Our suppliers are required to furnish a quality inspection report to our quality inspection office, and we shall conduct sampling inspections upon delivery of raw materials.
Suppliers' liability for quality defects	Our suppliers shall repair or replace the defective raw materials and be responsible for all costs incurred.
Compensation for damages	If our production is halted due to substandard raw materials, our suppliers shall compensate us for our loss. If our products are returned, exchanged or recalled due to supplier-related quality issues, or if any demands, complaints or litigation arise from substandard products caused by our suppliers' fault, our suppliers shall be responsible for all losses, damage, costs and expenses.

Overlapping Customers and Suppliers

During the Track Record Period, two of our major suppliers were also our customers as we sold unused raw materials to them. According to Frost & Sullivan, and as concurred by our Directors, it is not uncommon for companies in the AIDC device industry to sell unused raw materials to overlapping customers and suppliers because it (i) promotes effective inventory management, reduces costs associated with excess inventory or unused materials and freeing up warehouse space; (ii) strengthens relationships with existing customers and suppliers, fostering collaboration within the supply chain; and (iii) aligns with sustainability efforts and ESG practice by promoting the reuse of materials. The following table sets out the details of our major suppliers who were also our customers during the Track Record Period:

Name of entity	Amount of purchases by us and percentage to our total cost of sales	Products purchased by us	Amount of sales by us and percentage to our total revenue	Products sold by us	Gross profit from sales to our supplier and gross profit margin
Shun Bai Group	FY2022: RMB35.2 million (11.6%)	Raw materials for production, including printheads and other hardware components	FY2022: RMB1.0 million (0.3%)	Unused raw materials	FY2022: RMB46,641 (4.7%)
	FY2023: RMB31.5 million (12.0%)		FY2023: nil		FY2023: nil
	FY2024: RMB22.9 million (9.1%)		FY2024: nil		FY2024: nil
Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	FY2022: RMB8.2 million (2.7%)	Raw materials including hardware components for production	FY2022: RMB721 (0.0%)	Unused raw materials	FY2022: RMB147 (20.5%)
	FY2023: RMB9.2 million (3.5%)		FY2023: RMB1,732 (0.0%)		FY2023: RMB291 (16.8%)
	FY2024: RMB9.4 million (3.8%)		FY2024: nil		FY2024: nil

INVENTORY MANAGEMENT

Our inventories mainly consist of (i) raw materials; (ii) work-in-progress; and (iii) finished products. We regularly monitor our inventory level through our ERP system. In order to maintain the accuracy of our inventory records, we perform both regular and random stock checks. Our warehouses are equipped with humidity and temperature control systems to ensure the proper storage of our raw materials and products.

Our products are principally produced after receiving purchase orders from or signing one-off sales agreements with our customers. We also maintain our inventory level for standardised products on a rolling basis with at least one inventory assessment being conducted every month, so as to cater for standardised products orders and urgent orders. Our Directors consider that there is no significant risk of inventory obsolescence.

Generally, provision will be made for inventories which are considered obsolete after taking into account the ageing of the inventory items, movement and usefulness or residual value of the inventories. We did not experience any material shortage of supply or overstock of inventory during the Track Record Period and up to the Latest Practicable Date. As at 31 December 2022, 2023 and 2024, our provision for impairment of inventories amounted to approximately RMB12.6 million, RMB13.4 million and RMB8.9 million respectively mainly due to obsolete stocks and slow-moving stocks.

As at 31 December 2022, 2023 and 2024, our inventories amounted to RMB90.0 million, RMB87.2 million and RMB64.4 million, respectively, which represented 35.2%, 37.8% and 35.6% of our total current assets respectively. Our average inventory turnover days were 127 days, 123 days and 110 days for FY2022, FY2023 and FY2024.

LICENCES, PERMITS AND APPROVALS

The table below sets out details of licences, certificates and registrations which we consider material to our operation as at the Latest Practicable Date:

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
Our Company	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	5 May 2022	N/A *(Note 2)*
	Registration Form of Enterprises Applying for Entry-Exit Inspection and Quarantine (《出入境檢驗檢疫報檢企業備案表》)	Xiamen Entry-exit Inspection and Quarantine Bureau of the People's Republic of China (中華人民共和國廈門出入境檢驗檢疫局)	23 June 2015	N/A *(Note 2)*
	Acknowledgement of Receipt for Registration of Pollutant Discharge from Stationary Pollution Source (《固定污染源排污登記回執》)	National Information Platform for the Management of Pollutant Discharge Permits (全國排污許可證管理信息平台)	11 September 2024	10 September 2029

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
	Permission of the discharge of urban sewage into the drainage pipe network (《城鎮污水排入排水管網許可證》)	Municipal Bureau of Public Facilities and Landscaping of Tongan District, Xiamen (廈門市同安區市政園林局)	6 April 2022	5 April 2027
	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099
Rongta Trade	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC(《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	6 May 2022	N/A *(Note 2)*
IMachine	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099
Xingbang Trade	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	5 May 2022	N/A *(Note 2)*
Rongta LiZhong	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	12 December 2022	N/A *(Note 2)*

Notes:

1. No issue date is stated on the credit publicity platform of import and export business of Customs of the PRC.

2. No expiry date for such licence/permit/approval.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licences, permits and approvals from relevant authorities for our operations in all material respects, and such licences, permits and approvals had remained in full effect and no circumstances existed that would render their revocation or cancellation. We are required to renew such licences, approvals and permits from time to time or to obtain new licences, permits and approvals. As advised by our PRC Legal Advisers, there is no legal impediment to renewing our licences, approvals and permits. We do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we received during the Track Record Period and up to the Latest Practicable Date:

Year	Award or Recognition	Issuing Entity
2024	Red Dot Award: Product Design 2024 (for our desktop POS terminal)	Design Zentrum Nordrhein Westfalen
2024	iF Design Award 2024 (for our desktop POS terminal)	iF International Forum Design GmbH
2024	Fujian Top 100 Private Enterprises in Social Responsibility (福建省民營企業社會責任100佳)	Fujian Federation of Industry and Commerce (福建省工商業聯合會)
2024	National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業)	Ministry of Industry and Information Technology of the PRC (中國工業和信息化部)
2024	Egret Bronze Award (白鷺銅獎) at the 6th "Egret Cup" Cross-Strait Industrial Design Competition (中國廈門第六屆 "白鷺杯"海峽工業設計大獎賽)	Organising Committee of the "Egret Cup" Cross-Strait Industrial Design Competition ("白鷺杯"海峽工業設計大獎賽組委會)
2023	National High and New Enterprise (國家高新技術企業)	Xiamen Municipal Science and Technology Bureau (廈門市科學技術局), Xiamen Municipal Finance Bureau (廈門市財政局) and Xiamen Municipal Taxation Bureau of the State Administration of Taxation (國家稅務總局廈門市稅務局)

Year	Award or Recognition	Issuing Entity
2023	Xiamen Top Ten High-growth Talent Enterprise (廈門十大高成長人才企業)	Xiamen Municipal Party Committee Talent Office (廈門市委人才辦), Xiamen Municipal Human Resources and Social Security Bureau (廈門市人社局), Xiamen Municipal State-owned Assets Supervision and Administration Commission (廈門市國資委), Xiamen Municipal Science and Technology Bureau (廈門市科技局) and Xiamen Torch High-tech Zone Management Committee (廈門火炬高新區管委會)
2023	Xiamen Top Ten Specialised and New Enterprise (廈門專精特新十強企業)	Xiamen Federation of Enterprises and Entrepreneurs (廈門企業和企業家聯合會)
2023	Fujian Province Green Factory (福建省綠色工廠)	Fujian Provincial Department of Industry and Information Technology (福建省工業和信息化廳)
2023	Advanced Manufacturing Doubling Plan Enterprise (先進製造業倍增計劃企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)
2023	Xiamen Key Industrial Enterprise (廈門市重點工業企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)
2022	National Superior Intellectual Property Enterprise (國家級知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)
2022	Xiamen's Most Promising Small and Medium-sized Enterprise (廈門市最具成長型中小微企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as policies based on our assessment of our operational needs and industry practice. Consistent with customary practice in China, we did not carry any business interruption or litigation insurance policies, which are not mandatory according to the laws and regulations of the PRC. We maintain different types of insurance policies, including employer's liability insurance and property insurance. Our Directors consider that our existing insurance coverage is in line with industry norm and is sufficient for our present operations. In addition, we had duly maintained all material insurance policies in compliance with the relevant PRC laws and regulations during the Track Record Period. For details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our insurance policies may not be adequate to cover all risks of loss associated with our business operations" in this prospectus. During the Track Record Period, we did not experience any material insurance disputes.

EMPLOYEES

As at 31 December 2024, we had 607 employees in total, all of whom are based in the PRC. The following table sets forth the number of our employees by functions as at 31 December 2024:

Functions	**Number of employees**
General management and administration	48
R&D and technical	123
Production	224
Sales and marketing	66
Finance	16
Quality control	66
Inventory and procurement	64

We recruit employees based on various factors, including the relevant requirements of the positions, the prevailing market conditions, as well as the qualifications, work experience, technical expertise and cultural fit of the candidates. We value human resources and assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

We recognise the importance of equal opportunity and diversity in our workplace. We have a zero-tolerance policy towards any form of discrimination based on race, colour, religion, sex, marital status, age, national original, or any considerations deemed inappropriate by local labour laws. We encourage diversity in our workforce and strive to create an inclusive workplace that values the unique perspectives, experiences and backgrounds of our employees.

In compliance with the relevant PRC labour laws, we enter into individual employment contracts with each of our employees covering matters including wages, bonuses, employment benefits, workplace safety and grounds of termination. Some of our employees are also required to comply with confidentiality and non-competition obligations.

In addition to our employees as mentioned above, we may have labour dispatch and project outsourcing arrangements to allow us to maintain a sufficient and flexible level of labour force to meet our operation needs from time to time. The labour dispatch arrangement primarily helps address our occasional demand for short-term employment. Meanwhile, project outsourcing arrangement is mainly in place to meet the demand for seasonal or project-based labour.

As advised by our PRC Legal Advisers, labour dispatch is an arrangement where the employment agent recruits and dispatches workers to the employing company, and the employing company directly commands and manages the dispatched workers, who are required to follow the rules and policies of the employing company. If any damage is caused to the dispatched workers by the employing company, the employment agent and the employing company shall assume joint and several liabilities. Project outsourcing, on the other hand, is an arrangement where the instructing company outsources certain works or tasks to a labour service provider, and the labour service provider arranges its own personnel to complete the works or tasks according to the requirements of the instructing company. The labour service provider fully bears the employment risks and is responsible for the compensation or reimbursement for any casualties and work injuries of the outsourced workers. During the Track Record Period and up to the Latest Practicable Date, we had not had any material dispute with our employment agent or labour service providers in relation to the labour dispatch and project outsourcing arrangements.

In January 2024, we entered into a labour dispatch agreement with an employment agent for a term of one year whereby the employment agent shall dispatch suitable workers to fulfil our job requirements on mutually agreed terms, including the number of workers to be dispatched, the requirements of the dispatched workers, period of the dispatch, and wages and benefits of the dispatched workers. Pursuant to the labour dispatch agreement, we pay the employment agent based on the number of workers dispatched, and the employment agent is in turn responsible for arranging payment of wages, social insurance premiums, housing provident fund and other welfare payments to the dispatched worker as required by the PRC laws and regulations. During the Track Record Period, only one worker was dispatched by the employment agent as a sales assistant of our Group pursuant to the labour dispatch agreement, and such dispatch arrangement had been terminated. To the best knowledge of our Directors, the wages, social insurance premiums, housing provident fund and other welfare payments of the sales assistant dispatched to our Group had been duly settled by the employment agent. Save for the above, we did not have any other labour dispatch arrangement during the Track Record Period and up to the Latest Practicable Date. There is no employment relationship between us and the dispatched worker under the labour dispatch arrangement. As advised by our PRC Legal Advisers, given that the dispatched worker was employed in a temporary, auxiliary or substitute job position, and that the number of dispatched workers did not exceed 10% of the total number of employees of our Group, our labour dispatch arrangement has been in compliance with the requirements under the applicable PRC laws and regulations in all material respects, including but not limited to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) (the "**Labour Dispatch Provisions**").

During the Track Record Period and up to the Latest Practicable Date, we also entered into project outsourcing agreements with labour service providers, whereby the labour service providers provide project outsourcing services to us to work on production projects on mutually agreed terms. Set out below is a summary of the salient terms of the standard project outsourcing agreements with our labour service providers:

Term	The project outsourcing agreements typically have a term of one year.
Service scope	The labour service providers shall arrange suitable personnel to attend our production facilities to work on production projects.
Service fee	We pay the labour service providers based on quantity of products completed by the outsourcing workers multiplied by the agreed unit price of the product.
Employment nature	The outsourced workers are employed by the labour service providers and do not have direct employment relationship with us. The labour service providers are responsible for employment of the outsourced workers, as well as arranging payment of wages, social insurance premiums, housing provident fund and other welfare payments to the outsourced workers.
Work procedures	We are responsible for notifying the labour service providers in writing of the production missions, tasks, operation standards and work procedures of the production.
Management and training of workers	The labour service providers are responsible for (i) management of the outsourced workers in accordance with our internal policies; and (ii) arrangement of pre-employment training for the outsourced workers.

Work results	The labour service providers are responsible for the work results delivered by the outsourced workers, and we assess and accept the work results in accordance with our production quality standards.

For FY2022, FY2023 and FY2024, the total project outsourcing fees paid by us to our labour service providers amounted to approximately RMB4.1 million, RMB1.7 million and RMB1.2 million, respectively, accounting for approximately 1.4%, 0.6% and 0.5% of our total cost of sales, respectively. During the Track Record Period, our outsourced workers were mainly involved in product assembly, packing and handling. As advised by our PRC Legal Advisers, (i) our project outsourcing arrangements do not have the characteristics of labour dispatch as stipulated in the Labour Dispatch Provisions, and therefore the Labour Dispatch Provisions are not applicable to our project outsourcing arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, our project outsourcing arrangements have been in compliance with the requirements under the applicable PRC laws and regulations in all material respects. To the best knowledge of our Directors, the wages, social insurance premiums, housing provident fund and other welfare payments of the workers outsourced to our Group during the Track Record Period had been duly settled by the labour service providers.

We believe that our employees are our most valuable asset. We invest in the development of our employees and we provide ongoing training and education opportunities for them to upgrade their skills and knowledge continuously. All our new recruits will be provided with an induction programme to get familiar with our work environment, followed by on-the-job training based on departmental needs and our development strategies. Depending on the specific roles of the employees, we also provide various in-house or external trainings to our employees covering subjects such as product knowledge, safety awareness, leadership, market development and presentation skills.

We have a labour union which represents the interests of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant labour dispute, nor had we experienced any material difficulties employees. We believe that we have maintained good working relationship with our employees.

COMPETITION

The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. The PRC market accounted for approximately 16.6% of the global market share in 2023, which was overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain. The specialty printer market in the PRC is relatively competitive, with the top five players contributing to 28.0% of the entire market in terms of revenue. Our Group ranked the ninth with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, our Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share. The scale market in the PRC is relatively fragmented, with the top five players contributing to only 36.0% of the entire market in terms of revenue. The Group recorded the revenue of RMB21.9 million through the sales of scales in the PRC in 2023, accounting for a market share of 1.0%. The POS terminal and PDAs market in the PRC is relatively competitive, with the top five players contributing to 9.7% of the entire market in terms of revenue. The Group recorded the revenue of RMB0.8 million through the sales of POS terminals and PDAs in the PRC, accounting for a market share of 0.002%.

Entry barriers of the AIDC devices market largely lie in company's branding, track record of project delivery, qualification barriers, market know-how, high conversion costs due to customised R&D services, and technical requirement for payment security. Our Directors are of the view that we have distinguished ourselves in the competitive industry leveraging on our position as an established specialty printer provider with a global sales network.

For details on our competitive landscape, please refer to our section headed "Industry Overview – Competitive Landscape".

INTELLECTUAL PROPERTIES

We consider safeguarding our intellectual property rights as a crucial element of our business success and we have a steadfast commitment to protecting them. As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. For details of the intellectual property rights owned by our Group, please refer to the section headed "Statutory and General Information – B. Further Information About Our Business – 2. Our Material Intellectual Property Rights" in Appendix VII to this prospectus. We typically develop all technologies applied in our products and own all the intellectual property rights in this regard. On limited occasions, the intellectual properties of the technologies we develop for our customised products may belong to our customers under the terms of our agreements with them. For example, we were engaged by Raycloud Technology, one of our top five customers for each of FY2023 and FY2024, to develop a customised label printer, and the agreement specifies that the intellectual properties of the product belong to Raycloud Technology. During the Track

Record Period and up to the Latest Practicable Date, there had been no material infringement of our intellectual property rights and we believe that we have taken all reasonable measures to prevent any infringement of our own intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Legal and Compliance – Legal Proceedings" in this section, there had been no legal proceedings or pending legal proceedings against us regarding infringement of the others' intellectual property rights by us.

We have entered into agreements with certain key R&D personnel, under which the intellectual property rights developed during their employment belongs to us and they agree to waive all relevant rights or claims to such intellectual property rights. The agreements also contain confidentiality provisions to protect our rights to all invention, technology know-how and trade secrets that may arise during the R&D process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Policy

For the sake of both the environment and our society, we take the initiative to conserve the environment and recognise our social obligations with regard to climate-related issues. Our goal is to reduce the environmental effect of our operations while fostering environmental consciousness and social responsibility at every organisational level. We pledge to adhere to the reporting obligations for environmental, social, and governance (ESG) starting on the Listing Date. Our ESG policy sets out our responsibility and authority in the process of meeting the standards of Appendix C2 to the Listing Rules.

Under our ESG policy, we aim to build a sustainable community with employees, customers and business partners. Through various activities (which may include corporate philanthropy activities, building community partnerships and mobilising employees to participate in volunteer work), we aim to achieve practical and long-term benefits to the local community. In addition, we are committed to energy conservation and sustainable development and strive to reduce any negative impact on the environment. To ensure that all workers receive fair treatment and respect in terms of hiring, training, benefits, and professional and personal growth, we will also put a lot of emphasis on inclusive diversity inside the Company.

Our Board has the collective and overall responsibility for formulating our ESG strategies and reporting, assessing and determining our ESG-related risks and ensuring we have effective ESG risk management and internal control systems. It is necessary for our Board to supervise the management responsible for the planning, execution, and upkeep of these systems. Our Board may review our current strategy, target, and internal controls as well as assess the ESG risks and consult with an impartial third party or parties. For each of the major risks that have been identified, appropriate risk mitigation plans must be created, and the relevant risk owners must frequently update our Board and management on the progress of the plans' implementation. After that, the necessary adjustments will be made to reduce the hazards.

In order to support our Board in overseeing ESG governance, ensuring the execution of ESG policies, monitoring ESG-related performance and targets, adjusting ESG strategies as necessary, and supervising the compilation of the ESG report, we commit to establishing an ESG committee after the Listing. Our ESG committee will consist of three executive Directors, namely Mr. Xu Kaiming, Mr. Xu Kaihe and Mrs. Lin Yanqing. Our management is responsible for integrating our environmental protection and management policies into our day-to-day operations, which include training, production safety, pollution control, and staff health protection. To detect significant ESG issues, like those pertaining to climate change, it is also tasked with monitoring materiality assessments. After reviewing the materiality assessment results, our Board decides the areas we will be concentrating on.

Furthermore, our Board will closely follow and monitor the most recent regulations pertaining regarding ESG disclosure and regulatory compliance. For example, we are well aware of the ESG standards set out by the Stock Exchange, and our Board will assess the quality and content of the ESG report following the Listing Date to verify compliance with those requirements.

Environment

During our production process, wastewater, waste gas and solid waste are regularly discharged. Our operations are therefore subject to national and provincial environmental laws and regulations governing the discharge of wastewater, gas emission, hazardous chemicals and waste management. For example, we are subject to, among others, the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). Please refer to the section headed "Regulatory Overview – Regulations Relating to Environmental Protection and Fire Protection Acceptance" in this prospectus for details of the applicable PRC laws and regulations.

The relevant governmental authorities may come to our production facilities periodically to inspect to ensure our discharge of pollutants complies with the relevant pollutant discharge permits that we have obtained. We may also be required to periodically conduct self-inspection and report to them our amount of pollutants discharged. As advised by our PRC Legal Advisers, we obtained all permits necessary for our business operations, including the pollutant discharge permit, during the Track Record Period. If our Group fails to comply with the relevant laws and regulations, we will be subject to fines, suspension of business or cessation of operations.

Environmental protection laws and regulations must be followed by us, and any changes to societal trends or political policies on ESG could have a materially negative effect on us. Our management is concentrated on making sure that our production emissions, wastewater treatment, waste gas treatment, and solid waste management adhere to all applicable national and local government legislation and policies. We have a system in place to minimise, handle, and recycle the solid waste, waste gas, and wastewater that are produced throughout the production process. Our environmental management system has been certified to ISO14001:2015 since July 2022. As at the Latest Practicable Date, we did not receive any notifications or warnings and were not subject to any fines or penalties in relation to any breach of any applicable environmental laws or regulations that could have a material adverse effect on our production. We were in compliance in all material respects with the relevant PRC environmental laws or regulations during the Track Record Period.

Greenhouse Gas (GHG) Emissions

We calculate the GHG emissions produced by our Group according to the reporting standards in Appendix 2: Environmental Key Performance Indicators Reporting Guide of the Listing Rules. After the Listing, we plan to continuously track the GHG emissions within our Group's scope and gradually begin investigating Scope 3 emissions. The table below sets forth our GHG emissions for the years indicated:

	Unit	**FY2022**	**FY2023**	**FY2024**
GHG Emissions				
Scope 1[(1)]	Tonnes CO_2	22.26	32.91	31.32
Scope 2[(2)]	Tonnes CO_2	727.15	1,174.01	1,342.91
Scope 3[(3)]	Tonnes CO_2	0.02	0.03	0.04
GHG reduction[(4)]	Tonnes CO_2	0.28	0.28	0.28
Intensity[(5)]	Tonnes CO_2/ RMB'000	0.02	0.03	0.04

Notes:

(1) Scope 1 emissions primarily come from direct energy – related activities during operational processes. This encompasses the fuel utilised by company – owned vehicles for transportation and the natural gas consumed for various on-site operations, which are direct sources of greenhouse gas emissions within our control.

(2) Scope 2 emissions mainly stem from the electricity consumption in our offices and storage facilities. These emissions are indirect, as they are associated with the generation of electricity that is purchased and used by the company.

(3) Scope 3 emissions primarily arise from household waste. This includes waste generated by employees in the office, which can have an environmental footprint through processes such as waste disposal, recycling, and incineration.

(4) GHG reduction is calculated by number of planted trees multiplied by the estimated removal factor of 23 kg CO_2 per tree planted.

(5) Intensity is measured by the total volume emitted for that scope during the Track Record Period divided by the revenue for the year, which serves as the denominator.

Air Pollutant Emissions

We continuously track data on air pollution caused by our operational activities. This data is collected at the locations where we operate and includes major air pollutants generated by Office equipment, storage equipment, vehicles and local industrial and commercial activities. The table below sets forth our air pollutant emissions for the years indicated:

	Unit	FY2022	FY2023	FY2024
Air Pollutant Emissions				
NOx	kg	18.98	29.28	27.36
SOx	kg	4.53	7.09	6.60
PM	kg	1.91	2.94	2.75

Hazardous and Non-Hazardous Waste

During the Track Record Period, our operations generated both non-hazardous and hazardous waste streams. The non-hazardous waste, primarily comprising general office waste (including paper and plastic materials), has been systematically recorded and managed in accordance with applicable environmental regulations. Hazardous wastes mainly include waste residues generated from soldering during the production process of products. The following table presents our waste management data, categorising non-hazardous waste and hazardous wastes streams during the Track Record Period:

	Unit	FY2022	FY2023	FY2024
Non-Hazardous Waste				
Scrap paper	kg	39,949.64	28,195.60	17,966.46
Household waste	kg	946.00	1,837.00	1,900.00
Waste plastics	kg	2,420.02	2,096.70	903.08

	Unit	FY2022	FY2023	FY2024
Hazardous Waste				
Tin Dross	kg	36.00	192.70	101.83

Energy Uses

As part of our environmental management initiatives, we maintain a comprehensive tracking system for energy consumption across our operations. Our current energy monitoring focuses on electricity usage at our office premises and fuel consumption for storage equipment operations. The table below presents our energy consumption data during the Track Record Period:

	Unit	**FY2022**	**FY2023**	**FY2024**
Natural Gas	Cubic Metre	8,192.00	12,823.00	11,929.00
Electricity	MWh	1,294.56	2,090.10	2,390.80

Energy-Saving Measures

- Lighting system optimisation: All areas within the Company have been equipped with energy-efficient LED lighting, significantly reducing energy consumption for illumination.

- Air conditioning usage guidelines: To minimise unnecessary energy use, we have established strict air conditioning guidelines, prohibiting its use in workshops and office buildings when the room temperature is below 28°C.

We have established clear environmental goals, with 2024 as the baseline year, aiming to reduce greenhouse gas emission intensity and energy consumption intensity by 10% by 2029. After a comprehensive search and evaluation, no comparable publicly listed companies with identical business scope, operating model, and comparable scale to our Company have been identified. In light of this situation, it is not possible to conduct a comparison with peer companies in terms of target setting and emission and consumption levels.

Water Consumption

The table below sets forth our water consumption for the years indicated:

	Unit	**FY2022**	**FY2023**	**FY2024**
Water Consumption	Cubic metre	25,556.71	18,320.00	18,237.00

Packaging material consumption

In the course of our operations, packaging materials constitute a significant component of our production and logistics processes. As part of our commitment to transparency and accountability in environmental, social, and governance (ESG) practices, we have meticulously tracked and analysed our consumption of packaging materials. This section highlights our usage of polyethylene foam (EPE) and paper-based packaging, reflecting our ongoing efforts to minimise environmental impact and enhance resource efficiency. The following table provides a detailed breakdown of our packaging material consumption:

	Unit	**FY2022**	**FY2023**	**FY2024**
Polyethylene foam	tonnes	96.06	78.91	77.03
Paper	tonnes	421.88	411.57	414.45

We are committed to environmental protection and have taken several steps to reduce waste and promote recycling. Our plastic raw materials and product packaging bags are made from recyclable plastic materials. After being discarded, these plastic packages can be collected and processed through recycling channels. During the recycling process, they will be shredded and pelletised to become recycled plastic raw materials for the production of new plastic products.

Our paper packaging cartons can also be recycled. The waste cartons will be processed into new pulp raw materials for the production of new paper products.

Our AIDC products are primarily composed of plastic, metal, and printed circuit board (PCB) components, and their outer packaging also employs biodegradable and recyclable plastic materials. Throughout the lifecycle management of our AIDC products, customers are required to meticulously classify and dispose of end-of-life products in accordance with local recycling regulations and standards.

In terms of packaging materials, we are dedicated to using environmentally friendly, recyclable, or easily degradable materials to minimise the negative impact on the environment.

During the Track Record Period and up to the Latest Practicable Date, we produced the following waste materials:

Waste Gas

Our production facilities produce waste gas. Our waste gas is mainly divided into two categories: waste gas from production operations and waste gas from combustion processes, which are the by-products of burning resources like heavy oil and natural gas. Among the waste gases produced are nitrogen oxide and sulphur dioxide.

We have implemented a number of steps to monitor and minimise our waste gas (including greenhouse gas) emissions in order to lessen the impact that our emissions have on the environment and climate. Some of these steps include the following:

- The waste gas generated from our production process is purified before emission;
- We are equipped with monitoring facilities to control gas emission to ensure compliance with the relevant discharge standards.

Solid Waste

During the production process, solid waste is produced. We can further divide the solid waste we produced into non-hazardous and hazardous waste. We dispose of our solid waste at locations designated by the department of municipal government. We recycle a portion of our solid waste as well. We work with a certified third-party garbage disposal service provider to manage hazardous material.

Wastewater

In our production facilities, wastewater is produced during the production process. To handle the wastewater produced by our production plants, we have established water treatment facilities. Such treated wastewater is released in compliance with the legal requirements.

Environmental Compliance

We undergo routine inspections by the environmental protection authorities, including at least two inspections during the Track Record Period. Throughout these inspections, we have consistently met the standards and received no rectification requests related to environmental issues.

During the Track Record Period, we incurred cumulative expenditures of approximately RMB299,000 for environmental compliance. These funds were primarily allocated to key areas such as the procurement and operational maintenance of waste treatment equipment. To further enhance our management systems, we have successfully obtained ISO14001 Environmental Management System and ISO45001 Occupational Health and Safety Management System certifications. During the certification cycle, we will undergo two regular reviews over three years.

Physical and Transitional Risks

In addition, we acknowledge that climate-related matters pose a certain level of threat to us. Climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We adopt a combination of quantitative and qualitative methods to assess the identified risks and opportunities. The evaluation criteria include potential financial impact, time horizon (short-term, medium-term, and long-term), and the impact on stakeholders. Based on the assessment results, we prioritise risks and opportunities to ensure that resources are focused on the issues most critical to our business strategy and financial performance.

Risk Types	**Physical Risk**		**Transition Risk**		
	Acute Physical Risk	**Chronic Physical Risk**	**Policy and Legal Risk**	**Market Risk**	**Reputation Risk**
	Extreme weather events (e.g., typhoons, floods, extreme cold) may damage production facilities or disrupt supply chains, affecting the production and delivery of printing equipment, POS terminals, and other products.	Long-term climate change (e.g., rising temperatures, changing precipitation patterns) may impact the supply of raw materials or increase operational costs, particularly for critical materials such as electronic components and plastics.	Stricter environmental regulations (e.g., carbon emission limits, e-waste management) may require increased environmental investments or result in fines.	Shifting consumer preferences toward eco-friendly and smart products may reduce market share for traditional printing equipment.	Failure to meet environmental standards or social responsibility expectations may lead to public criticism, damaging the company's brand image, especially in international markets.
Effected Time Period	Short-term (1–2 years)	Long-term (5–10 years)	Medium-term (3–5 years)	Short- to medium-term (1–5 years)	Short- to long-term (1–10 years)
Impact segments and value chain	Production facilities, supply chains, logistics	Raw material supply, energy costs, water resource management	Production processes, compliance costs, legal risks	Market share, customer relationships, sales strategies	Brand image, customer loyalty, investor relations
Negative Financial Impact Description	Production disruptions may lead to revenue loss, and facility repairs may increase costs, affecting the delivery of printing equipment and POS terminals.	Rising raw material prices or supply instability may increase operational costs, particularly for critical materials like electronic components and plastics.	Compliance costs for environmental regulations may increase, with potential fines or lawsuits, especially in e-waste management.	Declining market share may reduce sales revenue, especially in the traditional printing equipment market.	Damage to brand image may lead to customer loss and reduced investor confidence, particularly in international markets.

Risk Types	Physical Risk		Transition Risk		
	Acute Physical Risk	Chronic Physical Risk	Policy and Legal Risk	Market Risk	Reputation Risk
Mitigation Measures	1. Establish emergency response plans to quickly restore production after extreme weather events. 2. Diversify supply chains to reduce reliance on single suppliers, especially for critical raw materials.	1. Invest in energy-saving technologies and water resource management to reduce long-term operational costs. 2. Collaborate with suppliers to ensure sustainable supply of raw materials, especially electronic components and plastics.	1. Monitor policy changes regularly and adjust strategies proactively to comply with new regulations. 2. Increase environmental investments to reduce emissions and waste, particularly in e-waste management.	1. Develop eco-friendly and smart printing solutions to meet consumer demand. 2. Strengthen market research to adjust sales strategies promptly, especially in international markets.	1. Enhance corporate social responsibility (CSR) initiatives to improve brand image. 2. Establish transparent communication mechanisms to address public concerns promptly, particularly regarding environmental and social responsibility performance.

We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms, extreme cold weather, typhoons and flooding. Our business operations could be susceptible to the physical damages resulting from intense precipitation and floods and extreme cold weather.

Our Directors consider that physical damages resulting from extreme weather events could result in minimal effect on our business operations, financial conditions and prospects.

Further, if we fail to comply with the relevant applicable environmental policies and laws and regulations, we may be involved in costly litigation or subject to penalties or other sanctions imposed by the relevant PRC judicial or governmental authorities. Our reputation may also be adversely affected, resulting in a loss of business as our customers may be less inclined to purchase from a company with environmental.

Regulatory development and changes in social trend in relation to ESG may potentially have significant impacts on our business operations and present transitional risks to us.

In view of the climate-related risks, our management will take adequate steps to build resilience to climate change by identifying and managing climate-related risks and opportunities and by developing strategies which are in line with global best practices to adapt to and mitigate the impact of climate change on our operations.

Corporate Social Responsibility

Caring for the Community

We are committed to the fulfilment of our corporate responsibility. We aim to build a sustainable community with our customers, business partners and external stakeholder.

Business Ethics

We strictly abide by the laws and regulations related to anti-corruption, including but not limited to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》). We uphold a high standard of integrity and have zero tolerance for corruption. We promote clear work ethics to employees, and strictly prohibit bribery, extortion, fraud, money laundering and other unethical behaviours, such as gambling, misappropriation of our assets, provision or acceptance of gifts or other improper benefits.

Safety

We consider occupational health and safety as one of our important responsibilities. We have implemented a system of occupational health and safety measures, details of which are set out as follows:

We have put in place some workplace safety and health initiatives. We have assigned safety personnel to each production facility to supervise production safety. Our system for managing occupational health and safety has been established and is reviewed regularly. We have safety procedures in place to document and manage incidents. By offering training courses on occupational health and safety to our employees, we increase their awareness of occupational safety. We also routinely give our employees access to outside professional training that is customised to each job function. To maintain the occupational health of our employees, we also offer regular body checks. We have emergency protocols in place to handle, document, and investigate any possible event. We also routinely schedule safety exercises. Our occupational health and safety management system has been certified to ISO45001:2018 since July 2022.

Our production and operation are subject to various safety laws and personal injury may result in personal injury claims which may have a negative impact on our business reputation or result in civil and criminal penalties. During the Track Record Period and up to the Latest Practicable Date, we did not have any major accidents, claims or complaints relating to work safety which had materially and adversely affected our operation. Our Directors are of the view that we are in compliance with the applicable national and local health and safety laws and regulations of the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

Employee welfare

We adhere to fairness, offering competitive salaries with flexible adjustments and a comprehensive welfare system, including paid leave, social insurance, and housing provident fund. We prioritise employee health through regular check-ups and support professional growth with training opportunities. Additionally, we organise cultural activities like team sports and festival celebrations to enhance team cohesion and create a positive work environment.

Employee diversity

We are dedicated to promoting diversity, equity and inclusivity within our working environment, offering equal opportunities and fair treatment to all our employees. We have a balanced employee composition, and as at 31 December 2024, we had 279 male employees and 328 female employees.

We encourage employees to respect each other and foster an inclusive work culture. The Group values the individual uniqueness, listens to employees' voices and recognises their contributions.

Anti-Corruption

We have established the anti-fraud and whistleblowing management system and the corporate integrity policy, which delineate the specific responsibilities of each department and individual in anti-corruption efforts. Each department is responsible for implementing anti-corruption measures within its respective domain. Furthermore, we periodically organise anti-corruption training and have established dedicated complaint and whistleblowing channels.

Product Responsibility

We are committed to ensuring the quality of our products and services, implementing stringent quality control to maintain high standards across all stages of production. Certain studies have suggested potential health risks from chemicals in thermal paper, such as bisphenol A (BPA), although conclusive evidence of significant harm to human health remains limited. We do not manufacture thermal paper in our ordinary course of business and we only provide thermal paper procured from suppliers as an ancillary accessory to our AIDC devices on very limited occasions. Therefore, our Directors are of the view that the alleged potential health risks of thermal papers would not have any material adverse impact on our operation and financial position.

PROPERTIES

We are headquartered in Xiamen, China. As at the Latest Practicable Date, all of our owned or leased properties are located in China.

Owned Property

As at the Latest Practicable Date, we owned land use right of one parcel of land in China with a registered site area of approximately 18,801 sq.m., and five buildings situated thereon with an aggregate GFA of approximately 57,917 sq. m. The New Xiamen Base is primarily used for production, warehouse and office premises of our Group. Approximately 21,416 sq.m. of the New Xiamen Base is currently used as our production factory and approximately 23,642 sq. m. of the New Xiamen Base has been leased to 11 Independent Third Parties.

Peak Vision Appraisals Limited, an independent valuer, has valued the New Xiamen Base as at 30 April 2025. The text of the Property Valuation Report issued by Peak Vision Appraisals Limited is set out in Appendix VI to this prospectus. Save for the property interests disclosed in Appendix VI to this prospectus, no single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

As advised by our PRC Legal Advisers, we have proper title certificates for our owned property and we have the right to possess, use and lease such property in accordance with the relevant laws in the PRC. As advised by our PRC Legal Advisers, pursuant to the Grant Contract of State-owned Construction Land Use Rights (國有建設用地使用權出讓合同), we shall hold the land and buildings as a unified whole and shall not transfer or subdivide the land and buildings for mortgage within the period of use from 31 December 2019 to 31 December 2069. Where a transfer is required as a result of circumstances such as the liquidation of our Group, the land and buildings shall be repurchased by the People's Government of Tong'an District, Xiamen City. To the best knowledge of our Directors, no circumstances existed as at the Latest Practicable Date which would render such title certificates to be revoked or withdrawn as a result of non-compliance with any relevant laws and regulations of the PRC. As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the New Xiamen Base was under asset preservation by the court. To the best knowledge and belief of our Director, such preservation was in relation to an alleged infringement of trade secrets. For details of the legal proceedings, please refer to the paragraph headed "Legal and Compliance – Legal Proceedings" in this section.

Leased Property

As at the Latest Practicable Date, our Group leased the following property from an Independent Third Party in the PRC, details of which are set out as follows:

Location	Landlord	Approximate area (sq.m.)	Usage	Term	Rental/ obligations
No. 803, 8th Floor, Building B2, B1.B2 Commercial Building, Nanhu Da Nan Software Industry Phase 4.1, West of Guanshan Avenue, East Lake Development Zone, Wuhan, the PRC (中國武漢市東湖開發區關山大道以西、南湖大南軟體產業4.1期B區B1.B2商品房中B2棟8層803號) *(Note)*	Independent Third Party	150	Office	From 1 September 2024 to 31 August 2026	RMB11,900 per month

Note: As at the Latest Practicable Date, the landlord of the above property had not obtained the title certificate. As advised by the PRC Legal Advisers, (i) it is the obligation of the lessor to obtain the title certificate, and there are no rules or regulations in the PRC requiring the Group as the lessee to obtain title certificate or imposing penalties on the Group for failing to obtain such title certificate; and (ii) the absence of title certificate of the above property will not affect the validity of the lease, and that the risk of the Group being required to relocate as a result of the above is relatively low. Our Directors confirmed that the legal issue will not have any material adverse impact on our operation and financial results and in case we have to terminate the lease or relocate, we are able to relocate to comparable alternative premises within reasonable period of time without incurring substantial cost.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry and markets in which we operate. For details, please refer to the section headed "Risk Factors" in this prospectus. We have implemented a series of measures to manage the various types of risks that we face, including strategic risks, operational risks, financial risks and legal risks.

Our management team takes an active role in monitoring and responding to changes in industry laws and regulations that affect our operations. Each department regularly reports to our management with respect to any risks they identify, such as product quality risks, product liability risks, intellectual property infringement risks, and compliance risks, and such risks would be summarised and reported to the Board. Where a potential risk or breach has been identified, risk response plans would be formulated to minimise damage and prevent any further recurrence. Our Board oversees the implementation of our risk management policy at the corporate level by facilitating collaboration among various operating departments, fostering a collective approach to addressing risk issues across different business functions. We will evaluate the adequacy of risk mitigation measures and make necessary adjustments to our response plans internal policies accordingly.

Further, in order to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control, we will adopt the following measures upon Listing:

(i) continuously monitor, evaluate and review our internal control system to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control system as appropriate;

(ii) establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three independent non-executive Directors. For the qualifications and experiences of these members, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(iii) arrange our Directors, Supervisors and senior management to attend training seminars rules, disclosure management, corporate governance, changes in laws, regulations and policies, as well as the responsibilities as directors of a Hong Kong-listed company;

(iv) engage external professional advisers (including the Compliance Adviser for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date) to provide professional advice and guidance to us to ensure our compliance with the Listing Rules and the applicable laws and regulations;

(v) continue to arrange various training to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, Supervisors, members of our senior management and relevant employees on the latest applicable laws and regulations; and

(vi) regularly communicate with the relevant government authorities and, where necessary, consult our legal advisers, on the relevant laws and regulations and any updates that could potentially affect our operation and business.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

LEGAL AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had not been involved in any legal, arbitration or administrative proceedings that could have a material adverse effect on our business, financial conditions or results of operations. Furthermore, to the best of knowledge of our Directors, as at the Latest Practicable Date, save as disclosed below, there was no pending or foreseeable legal, arbitration or administrative proceedings against us that could cause a material adverse effect on our business, financial conditions or results of operations.

Civil proceedings relating to a criminal investigation of Mr. A

To the best knowledge and belief of our Directors, after making all reasonable enquiries, in August 2020, a then employee of our Group ("**Mr. A**") was arrested for suspected misappropriation of trade secrets by Xiamen Municipal Public Security Bureau (the "**Criminal Case**"). In August 2021, a civil proceeding incidental to the Criminal Case (刑事附帶民事訴訟起訴) was lodged against our Group (the "**Incidental Civil Action**") by a company (the "**Plaintiff**") whose trade secrets were alleged to be infringed by Mr. A, pursuant to which, it was alleged by the Plaintiff that:

(i) Mr. A had misappropriated the trade secrets, i.e. software owned by the Plaintiff (the "**Subject Software**") and Mr. A had applied the Subject Software on four models of scale products of our Group which were launched for commercialisation in or around September 2015 (the "**Subject Products**"); and

(ii) our Company had the knowledge or constructive knowledge of the misappropriation action of Mr. A as the then employee of our Group, and Mr. A and our Company should compensate for the loss suffered by the Plaintiff due to the misappropriation action of Mr. A and the application of the Subject Software to the Subject Products (the "**Dispute**").

In August 2022, the People's Court of Siming had ruled in favour of the Plaintiff and had found Mr. A guilty of infringement of trade secret (the "**First Ruling**"). Our Company had launched an appeal against the First Ruling at the Intermediary People's Court of Xiamen City, Fujian Province (the "**Appeal Court**").

In December 2022, the Appeal Court had quashed the order made under the First Ruling and returned the case to the People's Court of Siming for retrial.

In November 2023, the People's Court of Siming had dismissed all the claims from the Plaintiff under the Dispute (the "**Retrial Ruling**") given that the claims brought by the Plaintiff were not based on the infringement of personal rights or suffering of loss due to destruction of properties and therefore they should not be lodged as a civil action incidental to a criminal case. In December 2023, the Plaintiff had launched an appeal against the Retrial Ruling to the Intermediary People's Court of Xiamen City, Fujian Province. In April 2024, the Intermediary People's Court of Xiamen City, Fujian Province had dismissed the appeal by the Plaintiff and upheld the Retrial Ruling to dismiss all the claims of the Plaintiff (the "**Retrial Appeal Ruling**"). The Plaintiff may launch a separate civil proceeding to claim its rights. During all material times, no criminal charge has been brought against our Group, our Directors or any of our then employees (other than Mr. A) in relation to the Dispute.

As our Company is not a party to the Criminal Case, it does not have any knowledge as to the latest status of the case.

View of the PRC legal advisers as to the Dispute

As advised by our Company's PRC legal advisers as to the Dispute, (i) the Retrial Appeal Ruling is final; (ii) our Company may only be held liable for any damages in relation to the Dispute if the Plaintiff lodges a separate civil proceeding against our Company and thus the Plaintiff obtains a final favourable judgement. The limitation period for the Plaintiff to launch such separate civil proceedings is three years from the date of the Retrial Appeal Ruling; and (iii) in case a separate civil proceeding is lodged by the Plaintiff in relation to the Dispute, subject to the evidence to be raised in such proceeding and the view of the court, the amount of compensation to be borne by our Company is likely to be in the range between RMB5.0 million and RMB9.4 million.

As the Incidental Civil Action in relation to the Dispute was initiated by the Plaintiff against our Company in 2021, provision of approximately RMB11 million was made to the financial results of our Group for FY2021 which was determined based on the assessment of the likelihood that any liability may arise against our Company and the amount of possible compensation that our Group may be liable to pay, as set out below:

The possible amount of compensation	Weighting based on the view of the PRC Legal Advisers as to the Dispute *(Note 5)*	Weighted Average Amount *(RMB)*
RMB69.113 million *(Note 1)*	5%	3.46 million
RMB15.353 million *(Note 2)*	10%	1.54 million
Between RMB5 million and RMB9.354 million *(Notes 3 and 4)*	85%	6.1 million
Total	100%	11.0 million

Notes:

1. The compensation amount is calculated based on the average profit per unit of the Subject Product alleged by the plaintiff in the Incidental Civil Action times the number of Subject Product sold by our Group during the period from September 2015 to August 2020. As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is very low.

2. The compensation amount is calculated based on the assessment method of estimating the "profits obtained by the infringer due to the infringement" under the applicable PRC laws and regulation, by multiplying our Group's revenue from sales of the Subject Products from September 2015 to August 2020 by an estimated net profit margin alleged by the Plaintiff. As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is relatively low.

3. The compensation amount of RMB9.354 million is calculated based on our Group's revenue from sales of the Subject Products from September 2015 to August 2020, as multiplied by the average annual net profit margin of the scale industry in the PRC from 2015 to 2020 according to a special investigation report dated 14 September 2022; while the lower end of the compensation amount, which was the maximum statutory compensation that a right holder can claim for infringement of trade secrets is RMB5 million as stipulated in the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is considerable.

4. The mid point of the possible amount of compensation is used in this calculation.

5. The weighting was determined based on, among others, the assessment of likelihood that any liability may arise against our Company by our Company's PRC legal advisers as to the Dispute.

If our Company is held liable for a compensation of the amount provided for and the indemnity provided by our Controlling Shareholders under paragraph (vii) below in relation to the Dispute, our Directors are of the view that such compensation will not have any material adverse impact on our business, results of operations and financial condition.

Directors' view on the Dispute

Our Directors consider that the Dispute did not and is unlikely to cause any material adverse impact on our business, financial conditions and results of operations based on the status of the Dispute as at the Latest Practicable Date and the following factors:

(i) our Company and our Directors were not aware of the act of misappropriation by Mr. A at all material times until Mr. A was arrested in August 2020 as it was due to Mr. A's personal behaviour;

(ii) our Company had promptly ceased the sale of the Subject Products pending the investigation of the Criminal Case against Mr. A when the incident first came to our Company's knowledge in August 2020 and did not intend to resume sales of the Subject Products. Our Company developed new software in replacement of the then software. In addition, Mr. A's employment with our Group was terminated in January 2021 and our Company had a labour dispute arbitration and civil claim at the Tongan District People's Court of Xiamen City, Fujian Province with Mr. A, pursuant to which our Company was ordered to pay outstanding annual bonus of RMB20,000 to Mr. A and compensation amount of RMB260,000 to Mr. A for illegal dismissal in April 2021 and August 2021, respectively, which had been fully settled in November 2021. As advised by our PRC Legal Advisers, our Group is not subject to any outstanding liability in relation to the labour dispute with Mr. A;

(iii) only four models of scale products had used the Subject Software which was alleged to be misappropriated by Mr. A and the total profit generated from the Subject Products amounted to approximately RMB2.9 million from September 2015 to August 2020 (being the relevant sales period of the Subject Products) based on our records and no other products launched by us were subject to any material disputes;

(iv) the Incidental Civil Action did not materially affect our business operations, financial performance or financial positions given we were under normal business operation during the Track Record Period and up to the Latest Practicable Date with ties with reputable customers;

(v) we had promptly taken the steps and strengthened our internal control measures after the Dispute, including but not limited to re-examining the software of the barcode scale products to mitigate the risks of possible infringement of trade secrets;

(vi) the Dispute was an isolated incident and the members of our Group had not been involved in any other material litigation or claims in relation to intellectual properties during the Track Record Period and up to the Latest Practicable Date;

(vii) in the event that the losses, costs, expenses, damages, or other liabilities which we incurred or suffered arising out of or in connection with the Dispute exceed RMB9.4 million, being the highest amount in the range of likely amount to be borne by the Company as advised by the Company's legal advisers as to the Dispute, our Controlling Shareholders will indemnify us for any such amount exceeding RMB9.4 million; and

(viii) if the Plaintiff lodges a separate civil proceeding against the Company in relation to the Dispute, our Company will vigorously assert our defence to safeguard the interest of our Company and the Shareholders in such trial and/or retrial proceedings.

As advised by the PRC Legal Advisers, according to the Civil Procedure Law of the People's Republic of China (中華人民共和國民事訴訟法), the Plaintiff may pursue further appeals against the Retrial Appeal Ruling if one of the following conditions is met: (i) there is new evidence sufficient to overturn the original judgment or ruling; (ii) the main evidence used to determine the facts in the original judgment or ruling is forged; (iii) the legal document on which the original judgment or ruling was made has been revoked or changed; and (iv) the judge has engaged in corruption, bribery, malpractice for selfish ends, or miscarriage of justice in handling the case (collectively, the "**Appeal Conditions**"). The Plaintiff may also lodge a separate civil proceeding within three years from the date of the Retrial Appeal Ruling according to the Civil Code of the People's Republic of China (中華人民共和國民法典).

However, our Directors are of the view that, which the PRC Legal Advisers concur, it is unlikely that the Plaintiff will pursue an appeal against the Retrial Appeal Ruling, as there is no evidence or circumstances which indicate that the Plaintiff can meet any of the Appeal Conditions. Furthermore, even if the Plaintiff lodges a separate civil proceedings against our Group, it is unlikely that it will bring adverse impact to our Group's operation and financial position given that (i) as disclosed above, the amount of compensation to be borne by our Group is likely to be in the range between RMB5.0 million and RMB9.4 million, which only represents a small portion of our Group's revenue (the "**Expected Compensation**"); and (ii) there is no evidence to suggest that the Plaintiff has in possession any new evidence which deems the potential compensation to exceed the Expected Compensation. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We may be exposed to risks of infringement in relation to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties" in this prospectus for more details. Our Directors confirm that, save as disclosed above, there is no other material information in relation to the Dispute that needs to be brought to the attention of the Stock Exchange and the potential investors and we have complied with all applicable laws and regulations in the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

Legal Compliance

Save as disclosed below, our Directors confirm that there were no non-compliance incidents which led to regulatory actions and penalties that had material and adverse effect on our business and results of operations during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident fund for some of our employees as required by the relevant PRC laws and regulations. For FY2022, FY2023 and FY2024, the aggregate shortfall of social insurance and housing provident fund amounted to approximately RMB9.0 million, RMB9.5 million and RMB8.0 million, respectively.

Reasons for non-compliance

The non-compliance incident took place primarily because the majority of our employees chose not to make full contribution to the social insurance and housing provident fund as they preferred not to bear their portion of the relevant contribution.

Legal consequences and potential penalties

As advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations, (i) if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement. As advised by our PRC Legal Advisers, if we fail to pay any required amounts within the period specified by the relevant competent authorities after receiving the corresponding payment notice, calculating based on the amounts of our shortfall contributions to social insurance for FY2022, FY2023 and FY2024, the potential maximum amounts of fines and penalties we may face would be RMB19.7 million, RMB20.4 million, and RMB19.6 million, respectively. Please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.".

One of our Controlling Shareholders, Xiamen Rongxin, has undertaken to indemnify the Group against any economic losses that may arise from any payment of outstanding contributions, late payment fees or fines that may be required by relevant authorities due to non-compliance regarding the social insurance and housing provident fund.

Remedies and internal control measures adopted

We have implemented the following measures to prevent future occurrences of such non-compliance:

(i) we have enhanced our human resource management policies, which required social insurance and housing provident fund contributions to be made in full and timely in accordance with any competent government authority;

(ii) we have designated the human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis; and

(iii) we will keep abreast of latest developments in the PRC laws and regulations in relation to social insurance and housing provident fund, and regularly consult our PRC Legal Advisers on the relevant PRC laws and regulations in order to obtain timely update of relevant regulatory developments.

Despite our efforts, we had not yet made full contributions of social insurance and housing provident fund for our employees as at the Latest Practicable Date because some employees located in other cities or provinces did not want to participate in or make full contribution to the social security system of Xiamen.

Set out below the number and percentage of total employees who underpaid social insurance and housing provident fund contributions during the Track Record Period:

	FY2022	FY2023	FY2024
No. of employees of the Group who underpaid social insurance	586	614	555
% of employees who underpaid social insurance	96.4%	96.5%	91.4%
No. of employees who underpaid housing provident fund	428	407	343
% of employees who underpaid housing provident fund	70.4%	64.0%	56.5%

We are in the process of communicating with such employees with a view to seeking their understanding and cooperation in complying with the applicable local practice and policies, which also requires additional contributions from our employees. We will continue to work with our employees to contribute social insurance and housing provident fund in a manner in accordance with relevant PRC laws and regulations. We will endeavour the best to liaise with our employees for rectifying the status quo. Our percentage of employees who underpaid social insurance and housing provident fund contributions further decreased from 91.4% to 83.9% and 56.5% to 54.5%, respectively from 1 January 2025 to 31 March 2025. It is expected that the rectification on these matters for the key management personnel and newly recruited staff will be completed by the end of the year ending 3l December 2026, meanwhile we expect to continue the rectification for other existing staff on a best effort basis.

Our Directors are of the view that such non-compliance would not have a material and adverse effect on our business and results of operations, considering that: (i) as at the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay any shortfalls or imposing any penalties with respect to social insurance and housing provident fund; (ii) we have obtained confirmations from (a) the Human Resources and Social Security Bureau of Xiamen City (廈門市人力資源和社會保障局), a competent authority as advised by our PRC Legal Advisers, that our Group had not been subject to any administrative penalty or administrative action by the municipal human resources and social security administrative department for violation of labour protection laws and regulations during the Track Record Period; and (b) the Xiamen Housing Provident Fund Centre (廈門市住房公積金中心), a competent authority as advised by our PRC Legal Advisers, which confirmed that our Group had not been subject to any penalty due to violation of laws and regulations relating to housing provident fund during the Track Record Period; (iii) according to the interviews with the competent authorities conducted by our PRC Legal Advisers, the relevant competent authorities will not normally take the initiative to recover or request for retroactive payment in relation to our Company's failure to make full contribution to the social insurance and/or the housing provident fund, but will only carry out investigations upon receipt of complaints or reports from the employees and determine whether or not to recover or require retroactive payment in accordance with the circumstances of the investigation or reporting; (iv) as confirmed by the relevant competent authorities during the interviews conducted by our PRC Legal Advisers, the relevant competent authorities had not received any complaints on our Company in relation to the payment of social insurance and the housing provident fund; (v) we were not aware of any employee complaints nor have we received any demand, court filings or notices from any current or former employees regarding any outstanding social insurance or housing provident fund contributions as at the Latest Practicable Date; (vi) our undertaking to make contributions within the prescribed period if we receive any request from the relevant government authorities; (vii) our Controlling Shareholders agreed to provide an indemnity in favour of our Group to indemnify us against any claims, charges, fines and other liabilities arising from such non-compliance; and (viii) based on the foregoing, our PRC Legal Advisers had advised us that the risk that we would be required to pay the shortfall of social insurance and housing provident fund or penalised for such non-compliance by the relevant government authorities is remote.

OVERVIEW

Our Board of Directors comprises six Directors, including three executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for the management and conduct of business of our Group. Our Supervisory Committee consists of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor, and is responsible for supervising the Board and senior management of our Group. Our senior management comprises three members and is responsible for the day-to-day management of our Group's business.

The following table sets forth the key information about our Directors, Supervisors and senior management members:

Directors

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Roles and responsibilities
Executive Directors					
Mr. Xu Kaiming (許開明)	43	December 2010	20 December 2010	Executive Director, chairman of the Board, president and general manager	Leads the Board, overall management and participates in our Group's operation and strategic planning
Mr. Xu Kaihe (許開河)	42	December 2010	14 October 2019	Executive Director and senior vice president	Overall management and participates in our Group's operation, in charge of our overall R&D

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Roles and responsibilities
Ms. Lin Yanqin (林燕琴)	39	May 2013	23 November 2023	Executive Director	Communication and coordination with various departments, responsible for supervising and inspecting the implementation of various work plans completion in each department
Independent Non-executive Directors					
Dr. Lim Kim Huat (林駿華)	57	March 2023	27 March 2023	Independent non-executive Director	Provides independent opinion and judgement to our Board
Dr. Yu Xiaoou (于小偶)	44	November 2022	10 November 2022	Independent non-executive Director	Provides independent opinion and judgement to our Board
Dr. Huang Liqin (黃立勤)	51	July 2021	27 July 2021	Independent non-executive Director	Provides independent opinion and judgement to our Board

Supervisors

Name	Age	Date of joining the Group	Date of appointment as Supervisor	Position	Roles and responsibilities
Ms. Chai Ling (柴菱)	35	December 2014	14 October 2019	Supervisor and chairman of the supervisory board	Supervises the performance of duties by the Directors and senior management of our Company
Mr. Jiang Jingtao (江靜濤)	45	September 2015	1 August 2022	Supervisor	Supervises the performance of duties by the Directors and senior management of our Company
Mr. Fu Jianfang (傅劍芳)	39	May 2021	10 November 2022	Supervisor	Supervises the performance of duties by the Directors and senior management of our Company

Senior Management

Name	Age	Date of joining the Group	Date of appointment	Position	Roles and responsibilities
Mr. Hu Zunfa (胡遵法)	42	March 2018	14 January 2021	Secretary to the Board, deputy general manager, director of key customer department and joint company secretary	Oversees domestic sales, manages key customers of our Group and provides secretarial services to our Company
Mr. Fu Jianfang (傅劍芳)	39	May 2021	22 July 2022	General manager of the scales division	Manages the operations of the scales division of our Group
Ms. Lin Cheng (林成)	40	February 2017	22 July 2022	Director of international department	Develops and maintains the overseas market and manages the international sales team
Mr. Chen Zhichuan (陳志川)	33	June 2024	26 February 2025	Chief financial officer	Handles the financial matters of our Group

Save that Mr. Xu Kaiming is the elder brother of Mr. Xu Kaihe, none of our Directors, Supervisors and senior management members has any relationship with any other Directors, Supervisors or senior management members of our Company or any substantial Shareholders or Controlling Shareholders of our Company.

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Kaiming (許開明), aged 43, founded our Group and was appointed as a Director on 20 December 2010. He was subsequently re-designated as an executive Director on 26 March 2024. He has been appointed as the chairman of the Board since 14 October 2019, the general manager of the Company since 28 October 2019 and the president of the Group since 23 May 2022. Mr. Xu is responsible for leading the Board and the overall management of our Group, and participates in our Group's operation and strategic planning. He has over 14 years of experience in the AIDC devices industry. He has been an executive director of Xingbang Trade, a wholly-owned subsidiary of the Company since December 2016, where he has been responsible for the strategic planning and overall management of online sales of AIDC devices. He has also been an executive director of Rongta Trade, a wholly-owned subsidiary of the Company since December 2017, where he has been responsible for the strategic planning and overall management of sales of AIDC devices. Mr. Xu is also a director of Rongta (SG) and Rongta (Malaysia), each a wholly-owned subsidiary of the Company, from January 2025 and February 2025, respectively.

Mr. Xu was selected as a "Young Entrepreneurial Talent" (青年創業人才) for the Fifth Youth Innovation and Entrepreneurship Talent Programme (第五批青年創新創業人才計劃) by the Organisation Department of Xiamen Committee of the Communist Party of China (中國共產黨廈門市委員會組織部) and the Xiamen Committee of the Communist Youth League of China (中國共產主義青年團廈門市委員會) in June 2020. He was also selected as one of the second batch of "Entrepreneurial Star" (創業之星) of Fujian by the Science and Technology Bureau of Xiamen (廈門市科學技術局) in August 2021.

Mr. Xu graduated in international economics and trade from Fuzhou University (福州大學) in Fujian, the PRC, in July 2004.

Mr. Xu Kaihe (許開河), aged 42, founded our Group and was appointed as a Director on 14 October 2019. He was subsequently re-designated as an executive Director on 26 March 2024. Mr. Xu is responsible for the overall management of our Group and participates in our Group's operation, and is in charge of our overall R&D. Mr. Xu was appointed as the factory general manager from its incorporation to December 2018, and he has been the vice president of our Company from January 2019 to May 2022 and the senior vice president of our Company since May 2022. He has also been a supervisor of Xiamen Rongxin since October 2017, and an executive director of our subsidiary, namely IMachine since November 2017.

Mr. Xu has over 18 years of experience in the electronic technology industry. Prior to joining our Group, Mr. Xu worked at Motorola Mobile Communication Technology Ltd. (摩托羅拉移動通信技術有限公司) (formerly known as Lenovo Mobile Communication Technology Ltd. (聯想移動通信科技有限公司)), a company primarily engaged in the research and production of mobile communication products and electronic information products, as a chief manager (主管) from August 2006 to August 2010.

Mr. Xu was awarded the title of "Outstanding Talents of Tong'an District (the seventh batch)" (同安區第七批拔尖人才) by the Tong'an District Committee of the Communist Party of China (中共同安區委) and the People's Government of Tong'an District (同安區人民政府).

Mr. Xu obtained a bachelor's degree in electronic information engineering from Jilin University (吉林大學) in Jilin, the PRC, in July 2004.

Ms. Lin Yanqin (林燕琴), aged 39, was appointed as a Director on 23 November 2023 and subsequently re-designated as an executive Director on 26 March 2024. Ms. Lin is responsible for communicating and coordinating with various departments and supervising and inspecting the implementation of various work plans completion in each department.

Ms. Lin joined our Group in May 2013 as merchandiser in the Customer Service Department and was promoted as Manager of the Customer Service Department in March 2014, where she was responsible for coordination work in respect of the sales orders and after-sales work. Subsequently, Ms. Lin acted as the Specialist of the General Manager's Office (Manager level) since April 2018 and the Senior Specialist of the President's Office since July 2023 where she was responsible for managing the overall coordination work and general administrative work.

Ms. Lin graduated in international economics and trade from Concord University College Fujian Normal University (福建師範大學協和學院) in Fujian, the PRC in July 2009.

Independent Non-executive Directors

Dr. Lim Kim Huat (林駿華), aged 57, was appointed as an independent Non-executive Director on 27 March 2023. Dr. Lim is responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Lim obtained a Bachelor of Business Administration in Management and a Master of Business Administration from Northeast Louisiana University, USA (now known as the University of Louisiana at Monroe) in December 1988 and December 1990, respectively. Dr. Lim has also obtained a Doctor of Education from Charisma University of the United Kingdom in May 2023.

Dr. Lim began his career in the financial industry with Investor Security Company Inc., USA as a dealer representative in 1991. Dr. Lim went on to work for the Investment Centre of Virginia, USA as a vice president in 1993. Dr. Lim then worked in Malaysia with Leong & Company Sdn Bhd (which was acquired by Eon Capital Berhad and then merged with Hong Leong Bank Berhad) as a dealer representative in 1999 and Kenanga Investment Bank Berhad (formerly known as K&N Kenanga) as a dealer representative in 2008.

Dr. Lim worked in the following SFC licenced corporations in Hong Kong: (i) RHB Securities Hong Kong Limited as a representative from December 2008 to February 2010; (ii) Sanston Financial Group Limited as Head of Corporate Finance from May 2010 to September 2011; (iii) South China Finance and Management Limited, a wholly-owned subsidiary of South China Securities Limited (a company whose shares are listed on the Stock Exchange (stock code: 0619)) as the representative from November 2011 to April 2015; (iv) Sinolink Securities (Hong Kong) Company Limited, a wholly-owned subsidiary of Sinolink Securities Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600109)) as the representative from April 2015 to April 2017; (v) Cinda International Capital Limited, a wholly-owned subsidiary of Cinda International Holdings Limited (a company whose shares are listed on the Stock Exchange (stock code: 0111)) as the representative from July 2017 to February 2022; (vi) Eminence Capital Partners Limited, a wholly owned subsidiary of Eminence Financial Group Limited (a company whose shares are listed on the Stock Exchange (stock code: 616)) as the responsible officer from September 2022 to July 2024; and (vii) West Bull Securities Limited since October 2024. Dr. Lim has been West Bull Securities Limited's responsible officer to carry out Type 1 (Dealing in Securities) and West Bull Financial Limited's responsible officer to carry out Type 6 (Advising on Corporate Finance) regulated activities under the SFO since 26 November 2024.

Dr. Yu Xiaoou (于小偶), aged 44, was appointed as an independent non-executive Director on 10 November 2022. He is mainly responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Yu has over 10 years of experience in the education sector. He was an assistant professor at the Department of Accountancy of California State University, Long Beach from August 2014. He worked as an assistant professor at the Institute for Financial & Accounting Studies of Xiamen University (廈門大學) from June 2017 to July 2021, and has been an associate professor of Xiamen University since August 2021, where he is responsible for teaching and scientific research. Dr. Yu was appointed as the independent director and the chairman of the audit committee of Shenzhen Yitian Automation Facility Co.,Ltd.* (深圳市易天自動化設備股份有限公司) in August 2024 (a listed company on the ChiNext Market of Shenzhen Stock Exchange with stock code 300812).

Dr. Yu was awarded the "Xiamen Airlines Award Teaching Prize" (廈航獎教金) by Xiamen University in April 2021.

Dr. Yu obtained a doctor's degree in philosophy (business administration) with the Dean's Award for Academic Excellence and a master's degree in science (mathematics) from the University of Houston in Texas, the U.S., in August 2014 and December 2006, respectively. He obtained a bachelor's degree in science (mathematics and applied mathematics) from Qingdao University (青島大學) in Shandong, the PRC, in July 2004.

Dr. Huang Liqin (黃立勤), aged 51, was appointed as an independent non-executive Director on 27 July 2021. He is mainly responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Huang has over 28 years of experience in the education sector. He has been appointed as a technician of central laboratory in August 1996 and later a professor in June 2016 of Fuzhou University (福州大學). He is currently a professor and assistant dean in Fuzhou University (福州大學).

Dr. Huang was awarded the Second Prize of the Science and Technology Progress Award of Fujian (福建省科學技術進步獎二等獎) for the year 2021 by the People's Government of Fujian (福建省人民政府) in December 2022.

Dr. Huang obtained a doctor's degree in communication and information system, and a master's degree in computational mathematics from Fuzhou University (福州大學) in Fujian, the PRC in July 2009 and March 2001, respectively. He obtained a bachelor's degree in information electronic technology from Zhejiang University (浙江大學) in Zhejiang, the PRC, in July 1996.

SUPERVISORS

Ms. Chai Ling (柴菱), aged 35, is a shareholder Supervisor and the chairman of the supervisory board of our Company. She is mainly responsible for supervising the business, the Directors and senior management of our Group. Ms. Chai joined our Group on 25 December 2014 as a foreign trade salesperson and has been appointed as a Supervisor and the chairman of the supervisory board of our Company on 14 October 2019. She has been the deputy director of the second division of international business of the Company from February 2021 to July 2022 and the deputy general manager of the scales division since July 2022. She has also been an executive director of our subsidiary, namely Rongta LiZhong since December 2022.

Prior to joining our Group, she worked at CGCOC Construction Angola Co., Ltd.* (中地海外建設安哥拉有限公司), a company principally engaged in construction in the Republic of Angola, as a business assistant, and Xiamen Branch of Jomoo Kitchen & Bath Co., Ltd. (九牧廚衛股份有限公司廈門分公司), a company principally engaged in the R&D, manufacturing and sales of kitchen and bathroom products where she was responsible for foreign trading businesses.

Ms. Chai obtained a bachelor's degree in Portuguese from Jilin International Studies University (吉林外國語大學) (formerly known as Jilin Huaqiao International Studies Institute (吉林華橋外國語學院)) in Jilin, the PRC, in June 2012.

Mr. Jiang Jingtao (江靜濤), aged 45, is the employee representative Supervisor and is mainly responsible for supervising the business, the Directors and senior management of our Group. Mr. Jiang joined our Group on 14 September 2015 as the head of the first division of domestic business of our Company. He has served as the deputy manager and manager of the first division of domestic business from November 2019 to December 2020 and from December 2020 onwards, respectively. Mr. Jiang has been elected as a Supervisor on 1 August 2022.

Mr. Jiang has over 19 years of experience in business management. He served as a sales manager in Fuzhou Shuhua Sports Products Co., Ltd.* (福州舒華體育用品有限公司) from August 2005 to March 2014. From April 2014 to February 2015, he worked in Huijin Stone (Xiamen) Co., Ltd. (匯金石(廈門)有限公司), a company primarily engaged in the wholesale and retail of decorating materials and a wholly-owned subsidiary of ArtGo Holdings Limited (雅高控股有限公司) (a company whose shares are listed on the Stock Exchange (stock code: 3313)) at the material time.

Mr. Jiang obtained a college degree in physical education from Longyan University (龍巖學院) (formerly known as Longyan Higher Normal College (龍巖師範高等專科學校)) in Fujian, the PRC, in July 2000.

Mr. Fu Jianfang (傅劍芳), aged 39, is a shareholder Supervisor and the general manager of the scales division of our Group. He is mainly responsible for supervising the business, the Directors and senior management of our Group and the management of the operations of the scales division. Mr. Fu joined our Group as the director of the engineering and new product introduction division on 25 May 2021 and has been appointed as the general manager of the scales division on 22 July 2022 and a Supervisor on 10 November 2022.

Mr. Fu has over 16 years of experience in electronic technology industry. He worked in TPK Touch Solutions (Xiamen) Inc. (宸鴻科技(廈門)有限公司) ("**TPK Touch Solutions**"), a company primarily engaged in manufacturing of optoelectronic devices and other electronic devices, and a group member of TPK Holding Co., Ltd. (宸鴻光電科技股份有限公司) (TWSE: 3673) which is listed on the Taiwan Stock Exchange (together with its subsidiaries, the "**TPK Group**"), as a section manager from September 2008 to March 2012. From April 2012 to January 2016, he worked in Cando (Xiamen) Ltd. (達鴻先進科技(廈門)有限公司), a company primarily engaged in R&D and production of optical glass, conductive and non-conductive glass and capacitive touch screen glass, where he served as a deputy manager and was responsible for engineering work. From February 2016 to August 2016, he worked in TPK Glass Solutions (Xiamen) Inc. (祥達光學(廈門)有限公司), a company primarily engaged in manufacturing of optoelectronic devices and other electronic devices, as the deputy manager of the engineering department. From September 2016 to May 2021, he returned to TPK Touch Solutions as a manager.

Mr. Fu obtained a bachelor's degree in architectural environment and facilities engineering from Jimei University (集美大學) in Xiamen, Fujian in July 2008.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors and our Supervisors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, Supervisors, senior management or substantial or Controlling Shareholder of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed companies in the three years prior to the Latest Practicable Date.

Save as disclosed in the section headed "Relationship with our Controlling Shareholders", none of our Directors and our Supervisors have any interests in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. See "Appendix VII – Statutory and General Information" to this Prospectus for further information about our Directors and our Supervisors, including details of the interest of our Directors and our Supervisors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particulars of their service contracts and remuneration.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors and our Supervisors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors and our Supervisors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors and our Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

Confirmation by our Directors pursuant to Rule 3.09D of the Listing Rules

Each of our Directors confirm that, in March 2023 and April 2024, he/she has obtained legal advice from the Company's Hong Kong legal advisers, in relation to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Furthermore, each of the Directors has confirmed that he/she understood his/her obligations as a director of a listed issuer.

Confirmation by our independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors have confirmed to our Company: (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) he does not have any past or present financial or other interest in the business of our Group or any connection with any core connected person (as defined in the Listing Rules) of our Company; and (iii) there are no other factors that may affect his independence at the time of his appointment. Furthermore, each of our independent non-executive Directors has confirmed he will inform our Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence.

SENIOR MANAGEMENT

Mr. Hu Zunfa (胡遵法), aged 42, is the secretary to the Board, deputy general manager, director of the key customer department and one of the joint company secretaries of our Company. He is mainly responsible for overseeing the domestic sales, managing the key customers of our Group and providing secretarial services to our Company. Mr. Hu is also a director of Rongta (SG) and Rongta (Malaysia), each a wholly-owned subsidiary of the Company, from January 2025 and February 2025, respectively. Mr. Hu joined our Group in March 2018 as a manager of the first division of domestic business of our Company, and was subsequently promoted to become the senior manager of the division in November 2019 and the director of the key customer department in January 2021. He was designated as a Director in May 2021, and the secretary to the Board and deputy general manager of our Company in April 2021 and March 2023, respectively. In order to focus on his roles in overseeing our Group's operations and providing secretarial services to our Company, he ceased to be a Director in March 2023 but remains as the secretary to the Board, deputy general manager and director of the key customer department. He served as the chief financial officer of the Company from November 2023 to February 2025, and was appointed as the joint company secretary of our Company in March 2024.

Mr. Hu served in Xiamen Boltun Metal Co., Ltd. (廈門恒耀金屬有限公司), a company primarily engaged in the production and processing of various metal screws, nuts and other metal products, as a management trainee, Xiamen-KFC Limited (廈門肯德基有限公司), a company primarily engaged in catering management and a wholly-owned subsidiary of Yum China Holdings, Inc. (百勝中國控股有限公司) (a company whose shares are listed on the New York Stock Exchange (NYSE: YUMC) and the Stock Exchange (Stock Code: 9987)), as an operation assistant, and Xiamen Ruimao Equity Investment Co., Ltd.* (廈門瑞茂股權投資有限公司), a company principally engaged in equity investments, as the director of risk management from September 2016 to November 2017.

Mr. Hu obtained a master's degree and a bachelor's degree in business administration from Xiamen University (廈門大學) in Fujian, the PRC in September 2017 and Huaqiao University (華僑大學) in Fujian, the PRC in July 2005, respectively. Mr. Hu obtained the qualifications of Intermediate Economist (中級經濟師) in business management from the Ministry of Human Resources and Social Security (人力資源和社會保障部) of the PRC in November 2013. Mr. Hu had obtained the Securities Qualification Certificate issued by Securities Association of China in June 2016 and the Qualification of Listed Company Board Secretary issued by Shenzhen Stock Exchange in December 2021.

Mr. Fu Jianfang (傅劍芳) is the general manager of the scales division of our Group. Please refer to the paragraph headed "Supervisors" in this section for details of the biography of Mr. Fu.

Ms. Lin Cheng (林成), aged 40, is the director of the international department of our Company. Ms. Lin had been the deputy manager of the first division of our international department since she joined our Group on 20 February 2017 and was appointed as the manager of the division in February 2019. She was subsequently promoted to become the deputy director and the director of our international department in July 2019 and July 2022, respectively. She is mainly responsible for developing and maintaining the overseas market and managing the international sales team.

She served in Cheng Shin Rubber (Xiamen) Ind. Ltd. (廈門正新橡膠工業有限公司), a company primarily engaged in the production of tyres, as a manager, till March 2012. Afterwards and up to June 2015, she served in Xiamen Nabaichuan Trading Co., Ltd.* (廈門納佰川貿易有限公司), a company primarily engaged in the wholesale and retails of construction materials, apparel accessories and electronic products, as a manager. From November 2015 to December 2016, she served in Homietec Enterprise (Xiamen) Co., Ltd.* (豪美特實業(廈門)有限公司) (formerly known has Xiamen Homietec Enterprise Co., Ltd. (廈門豪美特實業有限公司)), a company primarily engaged in the production of disinfection products and trading and sales of various products, as a manager.

Ms. Lin obtained a bachelor's degree in English from Xiamen University Tan Kah Kee College (廈門大學嘉庚學院) in Fujian, the PRC in July 2008.

Mr. Chen Zhichuan (陳志川), aged 33, is the chief financial officer of our Company. Mr. Chen is mainly responsible for handling the financial matters of our Group. Mr. Chen joined our Group in June 2024 as the financial manager and was appointed as the chief financial officer on 26 February 2025.

Prior to joining our Group, Mr. Chen had served at the Xiamen branch of Grant Thornton from August 2015 to May 2019. From June 2019 to February 2021 and from October 2023 to June 2024, he worked at RSM China holding various positions such as project assistant, project manager with his last position being a manager. He served as the secretary to the board and assistant to the president at Xiamen Honglu Lianchuang Tools Co., Ltd.* (廈門鴻鷺聯創工具有限公司) from March 2021 to March 2023.

Mr. Chen obtained a bachelor's degree in human resources management from Jiangsu University of Science and Technology (江蘇科技大學) in June 2015. Mr. Chen had obtained Accounting Professional Qualification as an Intermediate Accountant in the PRC in September 2019 and he had also obtained the qualification certificate of board secretary issued by the Shenzhen Stock Exchange. Mr. Chen is also a member of the Chinese Institute of Certified Public Accountants.

JOINT COMPANY SECRETARIES

Mr. Hu Zunfa (胡遵法) has been appointed as our joint company secretary on 26 March 2024 with effective from the Listing Date. Please refer to the paragraph headed "Senior Management" in this section for details of the biography of Mr. Hu.

Ms. Kwok Yin Ting (郭彥廷), has been appointed as our joint company secretary on 26 March 2024 with effective from the Listing Date. Ms. Kwok is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Kwok has experience in the corporate secretarial field and provided professional corporate services. Ms. Kwok is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Kwok obtained a bachelor's degree in business administration and a master's degree in professional accounting and corporate governance.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and Strategy Committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our audit committee are to make recommendations to our Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of our Company. Our audit committee comprises three members, namely, Dr. Yu Xiaoou, Dr. Huang Liqin and Dr. Lim Kim Huat. Dr. Yu Xiaoou is the chairman of the audit committee. Dr. Lim Kim Huat is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our remuneration committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance-based remuneration; and ensure none of our Directors determine their own remuneration. Our remuneration committee comprises three members, namely Dr. Lim Kim Huat, Mr. Xu Kaihe and Dr. Yu Xiaoou. Dr. Lim Kim Huat is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee in compliance with Rule 3.27A of the Listing Rules and with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our nomination committee are to review the structure, size and composition of our Board and our board diversity policy on a regular basis and assist the Board in maintaining a board skills matrix; identify individuals suitably qualified to become Board members; assess the independence of our independent non-executive Directors; make recommendations to our Board on relevant matters relating to the appointment or reappointment of Directors; and support our Company's regular evaluation of the Board's performance. Our nomination committee comprises three members, namely Dr. Huang Liqin, Ms. Lin Yanqin and Dr. Yu Xiaoou. Dr. Huang Liqin is the chairman of the nomination committee.

Strategy Committee

We have established a strategy committee. The primary duties of our strategy committee are to research and make recommendations to the Board on the long-term development strategies and plans and the major financing plans of the Company and other major strategic issues influencing the development of the Company; and review the implementation of the above matters. Our strategy committee comprises five members, namely, Mr. Xu Kaiming, Mr. Xu Kaihe, Ms. Lin Yanqin, Dr. Yu Xiaoou and Dr. Huang Liqin. Mr. Xu Kaiming is the chairman of the strategy committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Directors have a balanced mix of knowledge and skills, including in strategic and business development, business management, R&D, sales and marketing, accounting and corporate finance. The ages of our Directors range from 39 years old to 57 years old, and we have both male and female representatives on the Board. Our nomination committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our nomination committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

COMPLIANCE ADVISER

We have appointed Yue Xiu Capital Limited as our compliance adviser upon the Listing pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise us when we consult our Compliance Adviser in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues and share repurchases;

(iii) where our Group proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Xu Kaiming is the chairman of the Board and our president. Taking in account Mr. Xu's extensive experience in the industry, personal profile and critical role in our Group and its historical development, the Board considers that having these two roles performed by Mr. Xu will provide a strong and consistent leadership to our Group and allow for more effective and efficient business planning and management, and implementation of business strategies of our Group. The Board believes that the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board, with over one-third of them being independent non-executive Directors. As such, the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the president of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Except as disclosed above, we will comply with the code provisions stated in the Corporate Governance Code after the Listing. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

REMUNERATION POLICY

Our Directors, Supervisor and senior management receive compensation in the form of director fees, salaries, allowances and benefits in kind, discretionary bonuses and/or retirement scheme contributions with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors, supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors, supervisors and senior management, by reference to, among other things, the market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. Our Directors confirmed that we have no plan to change our remuneration policy upon the Listing.

The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) for our Directors and Supervisors for each of the three years ended 31 December 2024 was approximately RMB3.3 million, RMB2.4 million and RMB2.0 million, respectively. None of our Directors or Supervisors waived or agreed to waive any remuneration during the aforesaid periods. Under the current arrangements, it is expected that the Directors and Supervisors will be entitled to receive remuneration of approximately RMB2.6 million for the year ending 31 December 2025 from our Company. The actual remuneration of our Directors and Supervisors in 2025 may be different from the expected remuneration.

For each of the three years ended 31 December 2024, the five highest paid individuals of our Company included three, four and four Directors and Supervisors, respectively. The aggregate remuneration (including salaries, allowances and benefits in kind and contributions to defined contribution plans) paid to our Group's five highest paid individuals excluding our Directors and Supervisors were approximately RMB0.4 million, RMB1.2 million and RMB0.6 million, respectively.

During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived or agreed to waive any emoluments during the Track Record Period.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, our Company was owned as to approximately 47.81% by Xiamen Rongxin, 39.77% by Mr. Xu Kaiming, 2.95% by Mr. Xu Kaihe, 1.33% by Xiamen Gaoli Zhongcheng and 1.19% by Xiamen Gaoli Hezhong; and Xiamen Rongxin was owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe. Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are employee shareholding platforms controlled by Mr. Xu Kaihe and Mr. Xu Kaiming respectively, each being a sole general partner of Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong respectively. Mr. Xu Kaihe is a sibling and thus an associate of Mr. Xu Kaiming. Therefore, Mr. Xu Kaiming and Mr. Xu Kaihe, directly and indirectly, held approximately 93.05% of our total issued share capital as at the Latest Practicable Date. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Xu Kaiming and Mr. Xu Kaihe will, directly and indirectly, hold approximately 74.98% of our total issued share capital. Accordingly, Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Rongxin, Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are regarded as a group of Controlling Shareholders upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after Listing taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management of our Company. Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Our Directors consider that our Board, together with our senior management, are able to function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, the Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests, details of which are set out in the paragraph headed "Corporate Governance Measures" in this section;

(c) with three independent non-executive Directors out of a total of six Directors in our Board, there will be independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders;

(d) connected transactions between our Group and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including the rules relating to annual reporting, review, announcement, circular and independent Shareholders' approval (where applicable); and

(e) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Operational Independence

We have established our own organisational structure comprising individual departments, each with specific areas of responsibilities. We have established a set of internal control mechanisms to facilitate the effective operations of our business. We have sufficient capital, facilities, equipment and employees to operate our business independently. We also have independent access to suppliers and customers and an independent management team to operate our business.

Further, we have our own operational and administrative resources and we do not share such resources with our Controlling Shareholders or other companies controlled by our Controlling Shareholders. We hold all the relevant licences, permits and approvals that are material to our business operation and own all the relevant intellectual properties necessary to carry on our business. Based on the above, our Directors consider that our Group can operate independently of our Controlling Shareholders after Listing.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. All loans, advances and balances due to and from our Controlling Shareholders and their respective close associates had been fully settled as at the Latest Practicable Date and all share pledges, guarantees and other securities provided by our Controlling Shareholders and their respective close associates for our borrowings will be fully released upon Listing.

In addition, our Group has sufficient capital to operate our business independently, and has adequate internal resources to support our daily operations. We have been and are capable of obtaining equity and debt financing from third parties. Accordingly, our Directors are of the view that our Group is financially independent of our Controlling Shareholders and any of their respective close associates upon Listing.

INTERESTS OF CONTROLLING SHAREHOLDERS IN OTHER BUSINESS

Our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognise the importance of good corporate governance in the protection of our Shareholders' interests. We will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted towards the quorum in the voting;

(b) our Group has established internal control mechanisms to identify connected transactions. If our Group enters into connected transactions with a Controlling Shareholder or any of his/its associates after Listing, we will comply with the applicable Listing Rules;

(c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. We have also appointed three Supervisors in accordance with the relevant PRC laws and regulations to supervise the performance of the duties by our Board. For details of our independent non-executive Directors and Supervisors, please refer to the paragraphs headed "Board of Directors – Independent Non-executive Directors" and "Supervisors" in the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(d) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(e) where we reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Yue Xiu Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and internal controls.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[1]		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[1]	
Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Number	Approximate percentage in the total share capital of our Company	Number	Approximate percentage in the total share capital of our Company
Xiamen Rongxin	Beneficial Interest	H Shares	36,496,505 (L)	47.81%	36,496,505	38.53%
Mr. Xu Kaiming	Beneficial Interest	H Shares	30,354,873 (L)	39.77%	30,354,873	32.04%
	Interest in controlled corporation[2]	H Shares	37,405,685 (L)	49.00%	37,405,685	39.49%
Mr. Xu Kaihe	Beneficial interests	H Shares	2,250,953 (L)	2.95%	2,250,953	2.38%
	Interests in controlled corporations[3]	H Shares	1,016,717 (L)	1.33%	1,016,717	1.07%
	Interest held jointly with another person[4]	H Shares	36,496,505 (L)	47.81%	36,496,505	38.53%
Ms. Lin Yaqiong	Interest of spouse[5]	H Shares	67,760,558 (L)	88.77%	67,760,558	71.53%

Notes:

1. The letter "L" denotes the entity/person's long position (as defined under Part XV of the SFO) in such Shares.

2. Mr. Xu Kaiming holds 99% equity interests in Xiamen Rongxin and being the sole general partner, he controls Xiamen Gaoli Hezhong which is an employee shareholding platform. By virtue of the SFO, in addition to his direct shareholding, Mr. Xu Kaiming is deemed to be interested in the 36,496,505 Shares of our Company through Xiamen Rongxin and the 909,180 Shares of our Company through Xiamen Gaoli Hezhong.

3. Mr. Xu Kaihe is the sole general partner of and has control on Xiamen Gaoli Zhongcheng, which is an employee shareholding platform. By virtual of the SFO, in addition to his direct shareholding, Mr. Xu Kaihe is deemed to be interested in the 1,016,717 Shares of our Company through Xiamen Gaoli Zhongcheng.

4. Mr. Xu Kaihe held 1% interest in Xiamen Rongxin and he is presumed to be a group of Controlling Shareholders with Mr. Xu Kaiming, who has 99% interests in Xiamen Rongxin.

5. Ms. Lin Yaqiong is the spouse of Mr. Xu Kaiming and is deemed to be interested in the Shares in which Mr. Xu Kaiming is interested under the SFO.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased at the Offer Price with an aggregate amount of HK$80,300,000 (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy) (the "**Cornerstone Placing**"). The calculations in this section, which are based on the exchange rate as disclosed in the section headed "Information about this Prospectus and the Global Offering" in this prospectus, are for illustration purpose.

Based on the Offer Price of HK$12.0 per Offer Share (being the high end of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 6,690,500 H Shares, representing approximately 36.36% of the Offer Shares and approximately 7.06% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$11.0 per Offer Share (being the mid-point of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 7,299,000 H Shares, representing approximately 39.67% of the Offer Shares and approximately 7.70% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$10.0 per Offer Share (being the low end of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 8,030,000 H Shares, representing approximately 43.64% of the Offer Shares and approximately 8.48% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. Our Company is of the view that by leveraging on the Cornerstone Investors' reputation, the Cornerstone Placing would contribute to elevating the profile of our Company and providing confidence to the market in respect of our business and prospects. Our Company became acquainted with (i) Hongkong Linktech, Mr. Cao Ke, Mr. Lin Xiaojian, Sinos Group, Ms. Li Shuhan, Mr. Ng Chi Fat through the business network of our Group and (ii) Main Achieve through introduction by one of the Underwriters.

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and will be listed on the Stock Exchange and counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules. The three largest public Shareholders will not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rule 8.08(3) and Rule 8.24 of the Listing Rules.

Immediately upon the completion of the Global Offering, (i) none of the Cornerstone Investors will become a substantial Shareholder; and (ii) the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. 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 Global Offering, 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.

To the best knowledge of our Company and after making reasonable enquiries:

(i) each of the Cornerstone Investors and their beneficial owners is an Independent Third Party, is not our connected person (as defined under the Listing Rules) or its respective associate(s), and is independent from the Underwriters;

(ii) is independent of other Cornerstone Investors;

(iii) none of the Cornerstone Investors or their shareholders are listed on any stock exchanges;

(iv) none of the Cornerstone Investors are accustomed to taking and have taken any instructions from our Company, our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in their name or otherwise held by them;

(v) none of the subscription of the relevant Offer Shares by the Cornerstone Investors is directly or indirectly financed by our Company, our subsidiaries, our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, existing Shareholder or any of its subsidiaries or their respective close associates; and

(vi) each Cornerstone Investor has confirmed that their subscriptions under the Cornerstone Placing is their respective independent investment decision and would be financed by its respective internal resources and/or own funds.

There are no side agreements and no side arrangements 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 Cornerstone Placing, and 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.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure and Conditions of the Global Offering – The Hong Kong Public Offering – Reallocation and Clawback" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be published by our Company.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before the Listing. Each of the Cornerstone Investors has agreed that our Company and the Overall Coordinator in their sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Where delayed delivery takes place, each of the Cornerstone Investors that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing.

OUR CORNERSTONE INVESTORS

The following information about each of the Cornerstone Investors was provided to our Company by the respective Cornerstone Investors in relation to the Cornerstone Placing.

Hongkong Linktech

Hongkong Linktech Technology Co., Limited ("**Hongkong Linktech**") is a company incorporated in Hong Kong with limited liability in 2018 and principally engaged in investments. Hongkong Linktech is wholly owned by Ms. Mao Zhili (茅志理), an Independent Third Party. Xiamen Xinheda New Energy Co., Ltd.* (廈門信和達新能源有限公司) is owned as to 20% by Ms. Mao Zhili and 80% by Xiamen Xinheda Electronics Co., Ltd.* (廈門信和達電子有限公司), which is one of our top five suppliers in FY2023 and the contracts of which were entered into in the ordinary course of business of our Company through arm's length negotiations and on normal commercial terms.

Hongkong Linktech confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Cao Ke

Mr. Cao Ke (曹柯) is an individual investor and an Independent Third Party. He is the chief executive officer of Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司), a company engaged in R&D of power supply technology and testing, production and sales of electronic products, which is one of our top five suppliers for each of FY2022, FY2023 and FY2024. Mr. Cao has more than 20 years of experience in the electronic products industry. As confirmed by Mr. Cao Ke, he decided to invest in our Company because he is confident in our Company's business, prospect and leadership of our management team.

Lin Xiaojian

Mr. Lin Xiaojian (林小堅) is an individual investor, a businessman and an Independent Third Party. Mr. Lin has over a decade of experience in logistics and building materials industries. He also has experience in investments in the secondary markets for companies specialised in manufacturing of intelligent hardware and electronic products. As confirmed by Mr. Lin Xiaojian, he decided to invest in our Company because he is confident in our Company's business and prospect.

Sinos Group

Sinos Group Limited ("**Sinos Group**") is a company incorporated in Hong Kong with limited liability in 2023 and principally engaged in trading and import, export and manufacturing of construction material. Sinos Group is owned as to 100% by Zhongsheng Strait Construction Co., Ltd.* (中晟海峽建設有限公司) which is in turn wholly owned by Fujian Zhongsheng Group Co., Ltd.* (福建中晟集團有限公司). Fujian Zhongsheng Group Co., Ltd. is owned as to 75% by Zhong Huafeng (鍾華鋒) and 25% by Zhong Huawei (鍾華偉). Zhongsheng Strait Construction Co., Ltd., Fujian Zhongsheng Group Co., Ltd., Zhong Huafeng and Zhong Huawei are Independent Third Parties.

Sinos Group confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Li Shuhan

Ms. Li Shuhan (李舒菡) is an individual investor and an Independent Third Party. She is the assistant to the chairman of the board of Xiamen Longstar Lighting Co., Ltd. * (廈門龍勝達照明電器). Before joining Xiamen Longstar Lighting Co., Ltd., she worked as an investment manager and post-investment director in Qianhai Renzhi Capital Management Shenzhen Co., Ltd.* (前海仁智資本管理深圳有限公司), where she gained experience in investment in technology and Internet related industries. Ms. Li has previous investment experience in various other industries. As confirmed by Ms. Li Shuhan, she decided to invest in our Company because she is familiar with the industry and the prospect of our Company.

Main Achieve

Main Achieve Holdings Limited ("**Main Achieve**") is a company incorporated in the British Virgin Islands with limited liability in 2010 and principally engaged in investments. Main Achieve is owned as to 100% by Wang Xun (王迅), an Independent Third Party.

Main Achieve confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Ng Chi Fat

Mr. Ng Chi Fat (伍志發) is an individual investor, a businessman and an Independent Third Party. Mr. Ng is mainly focused in the jewellery industry and also had experience in investment in funds and stocks. As confirmed by Mr. Ng Chi Fat, he decided to invest in our Company because he is confident in our Company's business and prospect.

Set out below is the aggregate number of the Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK$10.0 per H Share (being the low end of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	1,000,000	6.04	5.43	1.06	1.03
Cao Ke	HK$5,000,000	500,000	3.02	2.72	0.53	0.51
Lin Xiaojian	HK$20,000,000	2,000,000	12.08	10.87	2.11	2.05
Sinos Group	HK$10,000,000	1,000,000	6.04	5.43	1.06	1.03
Li Shuhan	HK$2,000,000	200,000	1.21	1.09	0.21	0.21
Main Achieve	HK$30,000,000	3,000,000	18.12	16.30	3.17	3.08
Ng Chi Fat	HK$3,300,000	330,000	1.99	1.79	0.35	0.34

Based on the Offer Price of HK$11.0 per H Share (being the mid-point of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	909,000	5.49	4.94	0.96	0.93
Cao Ke	HK$5,000,000	454,500	2.74	2.47	0.48	0.47
Lin Xiaojian	HK$20,000,000	1,818,000	10.98	9.88	1.92	1.86
Sinos Group	HK$10,000,000	909,000	5.49	4.94	0.96	0.93
Li Shuhan	HK$2,000,000	181,500	1.10	0.99	0.19	0.19
Main Achieve	HK$30,000,000	2,727,000	16.47	14.82	2.88	2.80
Ng Chi Fat	HK$3,300,000	300,000	1.81	1.63	0.32	0.31

Based on the Offer Price of HK$12.0 per H Share (being the high-end of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Share	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	833,000	5.03	4.53	0.88	0.85
Cao Ke	HK$5,000,000	416,500	2.52	2.26	0.44	0.43
Lin Xiaojian	HK$20,000,000	1,666,500	10.06	9.06	1.76	1.71
Sinos Group	HK$10,000,000	833,000	5.03	4.53	0.88	0.85
Li Shuhan	HK$2,000,000	166,500	1.01	0.90	0.18	0.17
Main Achieve	HK$30,000,000	2,500,000	15.10	13.59	2.64	2.56
Ng Chi Fat	HK$3,300,000	275,000	1.66	1.49	0.29	0.28

Note: The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rate as determined pursuant to the terms of the cornerstone investment agreements, subject to rounding down to the nearest whole board lot of 500 Offer Shares.

CONDITIONS PRECEDENT

The obligation of the Cornerstone Investors to acquire the relevant Offer Shares under the 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 these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinator (for itself and on behalf of the underwriters of the Global Offering);

(iii) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Shares under the Cornerstone Placing as well as other applicable waivers and approvals) (including those in connection with the subscription by the Cornerstone Investors of the Shares) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings, acknowledgements and confirmations of each of the Cornerstone Investors under the Cornerstone Investment Agreements are (as of the date of the Cornerstone Investment Agreements) and will be (as of the Listing Date and the closing of the subscription of the Offer Shares in accordance with the terms and conditions of the Cornerstone Investment Agreements) accurate, complete and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of each of the Company, the Sole Sponsor and the Sole Overall Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreements (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

SHARE CAPITAL

As at the Latest Practicable Date, the registered capital of our Company is RMB76,333,000, divided into 76,333,000 Shares with a nominal value of RMB1.0 each.

Assuming that the Over-allotment Option is not exercised, the registered capital of our Company immediately following the Global Offering will be increased to RMB94,733,000 and set out as follows:

Number of Shares	Description of Shares	Percentage of total share capital
76,333,000	H Shares to be converted from Domestic Shares	80.58%
18,400,000	H Shares to be issued under the Global Offering	19.42%
94,733,000		100.00%

Assuming that the Over-allotment Option is exercised in full, the registered capital of our Company immediately following the Global Offering will be increased to RMB105,600,500 and set out as follows:

Number of Shares	Description of Shares	Percentage of total share capital
76,333,000	H Shares to be converted from Domestic Shares	78.30%
18,400,000	H Shares to be issued under the Global Offering	18.87%
2,760,000	H Shares to be issued upon full exercise of the Over-allotment Option	2.83%
97,493,000		100.00%

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. It normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after the Listing.

SHARE CLASSES

Upon completion of the Global Offering and conversion of Domestic Shares into H Shares, our Domestic Shares and H Shares are both ordinary shares in our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC or via Shanghai-Hong Kong Stock Connect (滬港通) or Shenzhen-Hong Kong Stock Connect (深港通), H Shares generally cannot be subscribed for by or traded by legal or natural persons of the PRC. Domestic Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in Renminbi.

Except as described in this prospectus and in relation to the despatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarised in Appendix V to this prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as the PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

Our Domestic Shares are unlisted Shares which are currently not listed or traded on any stock exchange. According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, our Domestic Shares may be converted into H Shares. Such converted H Shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted shares shall have been duly completed pursuant to any requisite internal approval processes and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Upon completion of the Global Offering and pursuant to the filing notice of the CSRC dated 5 February 2025, 76,333,000 Domestic Shares will be converted to H Shares on a one-for-one basis and be listed for trading on the Stock Exchange as set out below. To the extent any Domestic Shares are not converted into H Shares, all unlisted Shares will comprise such number of Domestic Shares held by our Shareholders not converted into H Shares and we will have two categories of Shares, Domestic Shares and H Shares, depending on whether Shares are listed on the Stock Exchange. The term "unlisted shares" is used to describe whether certain shares are listed on a stock exchange and is not unique to PRC laws.

Listing Review and Filing with the CSRC

In accordance with the Overseas Listing Trial Measures and five relevant guidelines announced by the CSRC, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and trade on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf.

The Company applied for a "full circulation" filing when applying for an overseas listing filing with the CSRC on 24 April 2024, and submitted the filing reports, authorization documents of the shareholders of unlisted shares for which an H-share "full circulation" filing was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The Company has received the filing notice from the CSRC dated 5 February 2025 in relation to the filing of the overseas listing and "Full Circulation", pursuant to which:

(i) the Company filed with the CSRC to issue no more than 29,267,500 H Shares with a nominal value of RMB1.0 each, which are all ordinary shares, and upon this issuance the Company may be listed on the Main Board of the Stock Exchange;

(ii) the Company filed with the CSRC to convert a total of 76,333,000 Domestic Shares (with a nominal value of RMB1.0 each) held by certain Shareholders of the Company (the "**Full Circulation Participating Shareholders**") into H Shares, and the relevant Shares may be listed on the Stock Exchange upon completion of the conversion.

Where the Global Offering cannot be completed within one year upon receipt of the filing notice, and the Company will continue to conduct overseas listing and global offering after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee of the 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), which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Domestic Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. The Full Circulation Participating Shareholders may only deal in the Shares upon completion of following domestic procedures. No approval by the general meeting of Shareholders is required for the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform the Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(i) We will appoint China Securities Depository and Clearing Corporation Limited ("**CSDC**") as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities Company**") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorised by Shenzhen Stock Exchange;

(iii) The Shenzhen Stock Exchange shall authorise Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Domestic Shares shall be reduced by the number of the Domestic Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

Conversion of Our Domestic Shares into H Shares after completion of the Global Offering

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the holders of these Domestic Shares may, at their own option, authorise the Company to apply to the CSRC for conversion of their respective Domestic Shares to H Shares after completion of the Global Offering, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been filed with the CSRC. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this section and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Domestic Shares after completion of the Global Offering.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary. Based on the procedures for the conversion of Domestic Shares into H Shares as set out below, we will apply for the listing of all or any portion of the Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Global Offering on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No approval by the general meeting of Shareholders is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Registration on our H Share register will be conditional on: (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares. The relevant procedural requirements for the conversion of Domestic Shares into H Shares are as follows:

(i) The holder of Domestic Shares shall complete the filing of the CSRC for the conversion of all or part of its Domestic Shares into H Shares.

(ii) The holder of Domestic Shares shall issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.

(iii) Subject to our Company being satisfied with the authenticity of the documents and with the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.

(iv) The relevant Domestic Shares will be withdrawn from the register of our Domestic Shares and re-registered on our H Share register maintained in Hong Kong on the condition that:

(a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant Shares on the H Share register and the due dispatch of share certificates; and

(b) the admission of the H Shares (converted from the Domestic Shares) to trade in Hong Kong will comply with the Listing Rules and the general rules of CCASS and CCASS Operational Procedures in force from time to time.

(v) Upon completion of the conversion, the shareholding of the relevant holder of Domestic Shares on the register of our Domestic Shares will be reduced by such number of Domestic Shares converted and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.

(vi) We will comply with the Listing Rules to inform Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

TRANSFER OF SHARES ISSUED PRIOR TO THE LISTING DATE

The PRC Company Law provides that in relation to the Global Offering of a company, the shares issued by a company prior to the Global Offering shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the trading of the H Shares converted from unlisted Shares technically within one year after the Listing. In the unlikely event that any Full Circulation Participating Shareholders trades their H Shares during such restriction period, as advised by the PRC Legal Advisers, there will be no administrative penalty on the Company under the PRC laws and regulations but there is risk that the underlying agreement for the transfer of such H Shares may be declared void pursuant to the Civil Code of the People's Republic of China.

Our Directors, Supervisors and senior management shall notify the Company of the Shares they hold and any changes therein. During their respective tenure of office, any Shares transferred by any of the Company's Directors, Supervisors and senior management in any year shall not exceed 25% of the relevant individual's total Shares in the Company. Shares held by any Director, Supervisor or senior management shall not be transferred within a period of one year from the Listing Date.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting required, see "Appendix IV – Summary of Principal Legal and Regulatory Provisions" and "Appendix V – Summary of Articles of Association."

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE SHARES

Subject to the completion of the Global Offering, pursuant to the Shareholders resolutions of the Company, the Board was granted with (a) a general mandate to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares (including any sale or transfer of the treasury Shares out of treasury) in issue as at the date of the resolution granting the general mandate; and (b) a general mandate to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued Shares (excluding any treasury Shares) as at the date of the resolution granting the general mandate.

For further details on this general mandate, see "Appendix VII – Statutory and General Information – A. Further Information about Our Company – 3. Shareholders' Resolutions of our Company".

The following discussion and analysis should be read in conjunction with our consolidated financial information included in "Appendix I – Accountant's Report" annexed to this prospectus. Our audited consolidated financial statements have been prepared in accordance with IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of speciality printers, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like Internet of things (IoT) technology, cloud-based printing and AI integration. As at the Latest Practicable Date, we offered more than 100 standard models of products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. Our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024. Our adjusted net profit (non-IFRS measure) amounted to RMB45.6 million, RMB36.2 million and RMB49.6 million for FY2022, FY2023 and FY2024, respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period included the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of our Group as at 31 December 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective.

Our historical financial information of the Group have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("**IASB**"). All IFRSs effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The results of operations and financial condition of our Group have been and will continue to be, affected by a number of factors, including those discussed below and under the section headed "Risk Factors" in this prospectus.

Macroeconomic Conditions and Level of Customer Consumption

Our results of operations depend on a number of macroeconomic factors, including the global economic conditions, development of global trade policies and changes in the regulatory environment and economic condition of our targeted geographical markets.

Our products are generally utilised by end users to facilitate sales transaction with customers in different industries, including restaurants, logistic service providers and retailers. Any worsening of the economic conditions in our target geographical markets may result in inflation, rent hikes and increased labour cost, which may increase the operating costs of the end users of our products in those regions. This, in turn, may result in a decrease or delay in the purchase of our products and potential delay or default in payment by our customers and thus have an adverse impact on our profitability and financial results.

Our business also relies on the development of global trade policies. Any change in global trade policies, including both import and export trades for our target geographical markets and the jurisdictions where we operate, could have a significant impact on the demand for our products, our overall sales volume as well as our market share.

Relationship with Our Customers and Ability to Maintain Our Sales Network

For FY2022, FY2023 and FY2024, the aggregate revenue attributable to our top five customers each year were RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, which accounted for 41.9%, 36.2% and 27.2% of our total revenue, respectively. For the same periods, revenue attributable to our largest customer each year was RMB90.0 million, RMB62.6 million and RMB41.2 million, which accounted for 22.9%, 18.0% and 11.8% of our total revenue, respectively. As at the Latest Practicable Date, we had established relationship with our five largest customers ranging from two to nine years. While we have broadened our customer base during the Track Record Period, significant reduction in purchase from our key customers which may be created by factors such as deterioration of business relationship, unsatisfaction of our products or services, miscommunication and poor experiences in conflict resolution and disagreement in the pricing of our Group's products, may adversely affect our business, financial conditions and results of operations.

Change in Product Mix

Our revenue and profitability are affected by our product mix as selling prices and profitability vary with different types of products. As a result, any material changes in our product mix, whether due to changes in our growth strategies, market conditions, customer demand or otherwise, may adversely affect our financial condition and results of operations.

For FY2024, our revenue derived from and gross profit margin of our major products, namely printing equipment, scales, POS terminals and PDAs and accessories and other purchased products, was RMB243.4 million, RMB53.1 million, RMB33.6 million and RMB17.8 million, and 27.2%, 37.7%, 23.3% and 24.7%, respectively.

Relationship with Our Suppliers and Cost of Raw Materials

During the Track Record Period, our major raw materials for the manufacturing of our products include printheads, motors, batteries, PCBAs, ICs and other hardware components. The cost of raw materials in relation to our production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively, and accounted for 82.7%, 82.6% and 84.6% of our total cost of sales for FY2022, FY2023 and FY2024, respectively.

We cannot assure that we can fully pass the cost of increase in raw materials onto our customers. Future price increases in raw materials or changes in the supply of raw materials may materially and adversely affect our business, financial condition and results of operation.

During the Track Record Period, the amount of purchases of our top five suppliers of our Group each year in aggregate amounted to RMB79.3 million, RMB70.4 million and RMB55.9 million, respectively, for FY2022, FY2023 and FY2024, which accounted for 26.1%, 55.9% and 22.3% of our total cost of sales during the same period. For FY2022, FY2023 and FY2024, our amount of purchases from our largest supplier each year amounted to RMB35.2 million, RMB31.5 million and RMB22.9 million, respectively, which accounted for 11.6%, 12.0% and 9.1% of our total cost of sales, respectively. Please refer to the section headed "Business – Suppliers" in this prospectus for further details of our major suppliers.

Sensitivity analysis

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of raw materials in relation to our production on our profit before income tax during the Track Record Period.

	Increase/decrease in the cost of raw materials		
	–/+5%	**–/+10%**	**–/+15%**
	RMB'000	*RMB'000*	*RMB'000*
Increase/decrease in profit before income tax			
FY2022	12,546	25,091	37,637
FY2023	10,874	21,747	32,621
FY2024	10,604	21,207	31,811

Prospective investors should note that the above analysis on the historical financial information is for reference only and should not be viewed as actual effect.

Exposure to Foreign Currency Exchange Rate Fluctuations

We have a significant amount of overseas sales from overseas customers. During the Track Record Period, our overseas sales are predominantly denominated in USD. Our sales may also be denominated in EUR. For FY2022, FY2023 and FY2024, we generated revenue of RMB178.5 million, RMB158.7 million and RMB164.8 million from our overseas sales, which accounted for 45.4%, 45.5% and 47.1% of our total revenue for the corresponding period respectively. As such, we are exposed to foreign currency risk. If there is any material fluctuation of the aforesaid currencies against the local currency adopted, our results of operations may be materially affected. We may from time to time enter into foreign exchange forward contracts to reduce our exposure in foreign exchange risk. We recorded financial assets at fair value through profit or loss from foreign currency forward contracts of RMB1.5 million as at 31 December 2022, meanwhile we recorded financial liabilities from foreign currency forward contracts of RMB2.1 million and nil as at 31 December 2023 and 2024, respectively. We recognised net exchange gain of RMB3.3 million, RMB0.9 million and RMB2.1 million for FY2022, FY2023 and FY2024, respectively, which was attributable to the weakening RMB against USD during such period.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in USD and RMB exchange rate, with all other variables held constant, of our Group's profit after tax (due to profit or loss to changes in the exchange rates arises mainly from RMB-dollar denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges during the Track Record Period):

	Increase/ (decrease) profit after tax *RMB'000*
FY2022	
USD/RMB exchange rate – increase 10%	6,372
USD/RMB exchange rate – decrease 10%	(6,372)
FY2023	
USD/RMB exchange rate – increase 10%	8,534
USD/RMB exchange rate – decrease 10%	(8,534)
FY2024	
USD/RMB exchange rate – increase 10%	2,222
USD/RMB exchange rate – decrease 10%	(2,222)

Prospective investors should note that the above analysis on the historical financial information is for reference only and should not be viewed as actual effect.

Interest Rates

We are exposed to interest rate risk arising from bank borrowings during the Track Record Period. As at 31 December 2022, 2023 and 2024, our bank borrowings amounted to RMB110.2 million, RMB86.8 million and RMB89.3 million, respectively. For FY2022, FY2023 and FY2024, our finance costs attributable to bank borrowings amounted to RMB2.0 million, RMB2.3 million and RMB2.8 million, respectively. Our average interest rates were 3.57%, 3.20% and 3.03% for FY2022, FY2023 and FY2024, respectively. Therefore, our results of operations will be affected by changes in interest rates.

Preferential Tax Treatment and Government Grants

We received various government grants from local government authorities amounted to RMB11.2 million, RMB6.7 million and RMB13.5 million in FY2022, FY2023 and FY2024, respectively, which were recorded in our other income in our consolidated statements of comprehensive income. During the Track Record Period, we also received preferential tax treatment. Our Company was recognised as High and New Technology Enterprises and therefore was entitled to a preferential income tax rate of 15% during the Track Record Period. To the extent that the governmental authorities decide to reduce or cancel such government grants or preferential tax treatment applicable to us, or if we fail to successfully or timely obtain the government grants or preferential tax treatment available to us, such changes or failures could adversely affect our business, financial condition, results of operations and prospects.

The Impact of COVID-19

During the Track Record Period and up to the Latest Practicable Date, we did not experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic, and our production activities did not encounter any disruption, nor has our product delivery been disrupted by the COVID-19 pandemic.

In contrast, the demand of our portable study printers were indirectly stimulated by the COVID-19 pandemic as students tended to print worksheet for study purpose in light of the social restrictions.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic had not, and will not have, any material adverse impact on our business, financial condition or results of operations.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are material to the preparation of our Group's consolidated financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Set out below are some of our material accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations. For details of our accounting policies, estimates and judgements, please refer to note 4 and note 40 to the Accountant's Report in Appendix I to this prospectus.

Material Accounting Policies

Set out below are details related to certain material accounting policies of our Group:

Revenue recognition

Revenue from sales of printers equipment, scales, POS terminals and PDAs and accessories and other purchased products is recognised when control of the products has been transferred to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or our Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of products is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term.

Since development and certification services are usually completed only in a short period of time, the revenue generated from the services mentioned above is recognised upon completion of the services.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful life.

The estimated useful life and residual values are shown as follows:

	Estimated useful life
Buildings	40 years
Machinery and equipment	3–10 years
Office furniture and fixtures	3–5 years
Vehicles	4 years

Investment properties

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life. The residual values and useful life of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

Our Group depreciates investment properties with a limited useful life using the straight-line method over the following periods:

	Estimated useful life
Buildings	40 years
Land-use right	50 years

Right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by our Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets of our Group consist of up-front the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

R&D expenditures

Our Group incurs costs and effort on R&D activities which include expenditures on prototypes and testing. Research expenditures are charged to the consolidated statement of comprehensive income as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be clearly assign to a newly developed product or process and all the following can be demonstrated:

- the technical feasibility to complete the development project so that it will be available for use or sale;

- the intention to complete the development project to use it;

- the ability to use the development project;

- the manner-in-which the development project will generate probable future economic benefits for the Group;

- the availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and

- the expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset relating to development expenditures is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalised in intangible assets include employee costs, costs of raw materials, depreciations and other expenses incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognised in the consolidated statements of profit or loss as incurred.

Capitalised development expenditures are amortised using a straight-line method over the expected useful lives ranging between 3 to 5 years.

Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For financial assets, impairment is assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at an amortised cost.

Share-based compensation expenses

The fair value of the employee services received in exchange for the grant of equity instruments (the "**share-based compensation**") is the difference between the fair value of each award share of the Company and the cash consideration to be paid by the participant (the "**Participants**") of our employee share ownership plans (the "**ESOP**"), and is recognised as an expense in "employee benefit expenses" in the consolidated statement of comprehensive income, with a corresponding increase in equity.

The fair value of each award share grant under the ESOP and other issues during the Track Record Period was determined by reference to the consideration paid by third party investors in the latest equity investment transactions value during the latest external financing before or after the date of grant. The respective employees and directors are entitled to receive the same dividend as the other shareholders. Accordingly, no features of the equity instruments granted were incorporated as adjustments into the measurement of fair value.

The total amount of share-based compensation was expensed over the vesting period which started from the respective dates of grant since 2017 and until 31 December 2022, according to the ESOP.

At the end of each reporting period during the Track Record Period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, our Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

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 our Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

Critical Estimates and Judgements

In the process of applying our Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimation of provision for potential litigation claim

Our Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when our Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of in house or external legal counsels.

Provision for impairment of trade receivables

Our Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk default and the expected loss rates. Our Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of comprehensive income. For details of the assessment of loss allowance for trade receivables during the Track Record Period please refer to note 3.1(b) to the Accountant's Report in Appendix I to this prospectus.

Provision for impairment of inventories

Our Group reviews the condition of inventories at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Our Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the future sales projection, latest market prices and current market conditions. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

Estimated useful life and residual values of items of property, plant and equipment

Our Group determines the estimated useful life and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Our Group will increase the depreciation charge where useful life are less than previously estimated life, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual value. Periodic reviews could result in a change in useful lives and residual values and therefore, changes in depreciation expenses in the future periods.

SUMMARY OF RESULTS OF OPERATIONS

The following table sets out the summary of our Group's consolidated results for the Track Record Period, which are derived from, and should be read in conjunction with the consolidated financial information contained in the Accountant's Report set out in Appendix I to this prospectus:

	FY2022	FY2023	FY2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	393,273	348,749	350,062
Cost of sales	(303,412)	(263,285)	(250,697)
Gross profit	89,861	85,464	99,365
Other income	12,858	10,404	16,883
Other gains/(losses) – net	4,374	(2,260)	1,193
Selling and marketing expenses	(24,789)	(22,531)	(25,013)
General and administrative expenses	(25,567)	(31,130)	(30,505)
R&D expenses	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets	6	(165)	173
Operating profit	43,779	30,999	46,743
Finance income	430	818	971
Finance costs	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)
Profit before income tax	42,378	29,554	44,885
Income tax expense	(4,931)	(1,951)	(3,538)
Profit for the year	37,447	27,603	41,347

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also present the adjusted net profit for the years and adjusted net profit margin as non-IFRS measures.

We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of Listing expenses and share-based payment. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth a reconciliation of our net profit for the year under IFRS to adjusted net profit (non-IFRS measures) for the periods indicated by adding back (i) the Listing expenses and (ii) share-based payment which is non-cash in nature and does not result in cash outflow. Therefore, by eliminating the impacts of such items in the calculation of adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures), this measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year and from period to period.

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	37,447	27,603	41,347
Add:			
Share-based payment	8,158	–	–
Listing expenses	–	8,605	8,293
Adjusted net profit (non-IFRS measure)	45,605	36,208	49,640
Adjusted net profit margin (non-IFRS measure)	11.6%	10.4%	14.2%

Although these financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered as measures comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

For FY2022, FY2023 and FY2024, we recorded revenue of RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and such revenue was principally generated from the sales of our printing equipment, scales, POS terminals and PDAs, accessories and other purchased products. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in the PRC, including but not limited to Beijing, Xiamen, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

Revenue by product and service segment

The following table sets out a breakdown of our revenue by product and service segment and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Printing equipment	**304,408**	**77.4**	**261,082**	**74.9**	**243,373**	**69.5**
– Receipt printers	116,414	29.6	113,412	32.5	94,293	26.9
– Barcode label printers	63,957	16.3	82,749	23.7	104,379	29.8
– Portable study printers	87,793	22.3	60,564	17.4	43,753	12.5
– Printing modules and other printers	36,244	9.2	4,357	1.2	948	0.3
Scales	**35,761**	**9.1**	**47,250**	**13.5**	**53,087**	**15.2**
– AI scales	28,582	7.3	33,549	9.6	40,501	11.6
– Conventional scales	7,179	1.8	13,701	3.9	12,586	3.6
POS terminals and PDA	**23,583**	**6.0**	**16,497**	**4.7**	**33,564**	**9.6**
– POS terminals	23,129	5.9	13,714	3.9	25,662	7.3
– PDA	454	0.1	2,783	0.8	7,902	2.3
Accessories and other purchased products	**25,591**	**6.5**	**15,333**	**4.4**	**17,849**	**5.1**
– Parts	20,305	5.2	12,834	3.7	13,668	3.9
– Raw materials and other purchased products	5,286	1.3	2,499	0.7	4,181	1.2
Others *(Note)*	**3,930**	**1.0**	**8,587**	**2.5**	**2,189**	**0.6**
Total	**393,273**	**100.0**	**348,749**	**100.0**	**350,062**	**100.0**

Note: Others mainly comprised tooling and provision of development and certification services. We generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications, and service fee for the arrangement of certifications (such as Federal Communications Commission certificate and China Compulsory Certification, which are prerequisite certification for the products to be sold in the United States and the PRC, respectively) for customised products upon our customers' request.

During the Track Record Period, we recorded relatively higher revenue in FY2022, primarily because (i) the sales of our portable study printers to Customer Group A peaked in FY2022 over the period, as the demand for portable study printers was indirectly stimulated by the increased demand for printing study materials, exercise and notes due to the social restrictive measures implemented during the COVID-19 pandemic; and (ii) Customer C placed one-off bulk purchase orders amounted to RMB34.6 million for our printing equipment in FY2022. Historically, Customer C placed bulk purchase orders for our printing equipment at intervals of four to five years.

Sales volume and average selling price

The table below sets out the sales volume, average selling price and price range of our products during the Track Record Period:

	FY2022			FY2023			FY2024		
	Sales volume *(thousand pieces)*	Average selling price *(RMB)*	Price range *(RMB)*	Sales volume *(thousand pieces)*	Average selling price *(RMB)*	Price range *(RMB)*	Sales volume *(thousand pieces)*	Average selling price *(RMB)*	Price range *(RMB)*
Printing equipment	**1,631**	**187**	**10–7,528**	**1,241**	**210**	**13–4,188**	**1,276**	**194**	**14–7,221**
– Receipt printers	501	233	53–7,528	440	258	53–3,453	482	196	52–960
– Barcode label printers	235	273	52–5,694	400	207	55–4,188	485	213	52–7,221
– Portable study printers	572	153	53–565	340	178	53–649	265	165	14–592
– Printing modules and other printers	323	111	10–613	61	73	13–962	45	69	53–803
Scales	**30**	**1,191**	**601–5,892**	**33**	**1,390**	**230–10,013**	**42**	**1,283**	**155–4,711**
– AI scales	22	1,323	885–5,442	23	1,489	726–10,013	29	1,415	619–4,711
– Conventional scales	9	854	601–5,892	10	1,309	230–5,239	13	997	155–4,700
POS terminals and PDA	**15**	**1,572**	**235–6,991**	**11**	**1,532**	**235–4,698**	**22**	**1,525**	**389–4,698**
– POS terminals	15	1,572	235–6,991	9	1,523	235–3,814	16	1,630	389–4,308
– PDA	0.3	1,571	874–3,543	2	1,392	692–4,698	6	1,244	706–4,698

	FY2022			FY2023			FY2024		
	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range
	(thousand pieces)	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*
Accessories and other purchased products	**1,463**	**17**	**0.01–2,938**	**861**	**18**	**0.01–4,573**	**3,339**	**5**	**0.01–3,777**
– Parts	459	44	0.07–1,923	235	55	0.49–4,573	228	60	0.12–3,777
– Raw materials and other purchased products	1,004	5	0.01–2,938	626	4	0.01–3,097	3,111	1.3	0.01–3,031

Average selling price

Printing equipment

The decrease in the average selling price of our printing equipment in FY2024 was primarily due to a downward adjustment in prices aimed at maintaining our market share. This was partially offset by an increase in sales of hazardous waste label printers, which have a higher unit price.

The increase in the average selling price of our printing equipment in FY2023 was mainly due to the absence of bulk purchase orders of RMB33.5 million in FY2022 from Customer C for a certain type of printing equipment, which have a relatively lower unit price of around RMB110 as compared to the average selling price of our printing equipment of RMB187 for FY2022.

Scales

The decrease in the average selling price of our scales in FY2024 was primarily because we downward adjusted the selling price of conventional scales in FY2024 to maintain our market share in view of the price cut of our competitors.

The increase in the average selling price of our scales in FY2023 was mainly attributable to (i) the increase in export of conventional scales and (ii) the increase in sales of AI scales, both of which generally have a higher selling price.

POS terminals and PDA

The average selling price of our POS terminals and PDA remained relatively stable during the Track Record Period.

Accessories and other purchased products

The substantial decrease in the average selling price of our accessories and other purchased products in FY2024 was primarily due to the increase in the sales of raw materials and other purchased products, resulting from our sales of slow-moving and obsolete materials at a low unit price to two electronic components traders in the PRC as part of enhancement of our inventories management.

The average selling price of our accessories and other purchased products in FY2023 remained relatively stable.

Revenue by sales channel

The following table sets out information about our revenue by sales channel and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales						
– Printing equipment	296,949	75.5	243,330	69.8	233,090	66.6
– Scales	23,748	6.0	30,726	8.8	50,347	14.4
– POS terminals and PDAs	21,014	5.4	15,597	4.5	33,236	9.5
– Accessories and other purchased products	24,926	6.3	13,013	3.7	16,510	4.7
– Others*(Note)*	3,905	1.0	8,553	2.4	2,160	0.6
Sub-total	370,542	94.2	311,219	89.2	335,343	95.8
Sales to distributors						
– Printing equipment	7,459	1.9	17,752	5.1	10,283	2.9
– Scales	12,013	3.1	16,524	4.7	2,740	0.8
– POS terminals and PDAs	2,569	0.6	900	0.3	328	0.1
– Accessories and other purchased products	665	0.2	2,320	0.7	1,339	0.4
– Others*(Note)*	25	0.0	34	0.0	29	0.0
Sub-total	22,731	5.8	37,530	10.8	14,719	4.2
Total	393,273	100.0	348,749	100.0	350,062	100.0

Note: Others mainly comprised tooling and provision of development and certification services.

Revenue by geographical location

The following table sets out information about our revenue by geographical location and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
PRC	214,756	54.7	190,054	54.5	185,272	52.9
Asia (except the PRC)*(Note 1)*	53,232	13.5	58,860	16.9	56,894	16.3
Europe*(Note 2)*	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)*(Note 3)*	16,714	4.2	14,938	4.3	20,265	5.8
Africa*(Note 4)*	9,868	2.5	5,651	1.6	10,750	3.1
Oceania*(Note 5)*	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Notes:

1. Our sales to Asia include, among others, sales to Malaysia, the United Arab Emirates, India, Thailand, Japan, South Korea, and the Philippines but exclude the PRC.

2. Our sales to Europe include, among others, sales to Spain, Netherlands, France, Germany and Italy.

3. Our sales to the Americas include, among others, sales to Mexico, Argentina, Brazil and Canada but exclude the United States.

4. Our sales to Africa, include, among others, sales to South Africa and Algeria.

5. Our sales to Oceania include, among others, sales to Australia and New Zealand.

Cost of Sales

Our cost of sales for FY2022, FY2023 and FY2024 amounted to RMB303.4 million, RMB263.3 million and RMB250.7 million, respectively.

The following table sets out the breakdown of our cost of sales and its percentage in terms of our total cost of sales during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of raw materials	250,912	82.7	217,474	82.6	212,072	84.6
Labour costs	33,076	10.9	27,100	10.3	26,580	10.6
Direct production expenses*(Note 1)*	8,138	2.7	9,036	3.4	7,880	3.1
Depreciation and amortisation*(Note 2)*	5,077	1.7	7,803	3.0	7,401	3.0
Provision for/(reversal of) impairment of inventories	5,534	1.8	925	0.3	(3,296)	(1.3)
Others	675	0.2	947	0.4	60	0.0
Total	303,412	100.0	263,285	100.0	250,697	100.0

Notes:

1. Direct production expenses mainly comprised transportation expenses, other taxes and levies and liabilities.

2. Depreciation and amortisation mainly comprised depreciation of property, plant and equipment, right-of-use assets, and amortisation of intangible assets.

Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our cost of sales during the Track Record Period.

Cost of sales by product and service segment

The table below sets out a breakdown of costs of sales of our products and services and its percentage in terms of our total cost of sales during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	235,642	77.7	205,561	78.1	177,266	70.7
Scales	27,834	9.2	31,070	11.8	33,078	13.2
POS terminals and PDAs	18,999	6.2	12,052	4.6	25,744	10.3
Accessories and other purchased products	17,610	5.8	9,812	3.7	13,449	5.4
Others	3,327	1.1	4,790	1.8	1,160	0.5
Total	303,412	100.0	263,285	100.0	250,697	100.0

Gross profit and gross profit margin

Our gross profit for FY2022, FY2023 and FY2024 was RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. Our gross profit margin for the same periods was 22.8%, 24.5% and 28.4%, respectively.

Gross profit and gross profit margin by product and service segment

The following table below sets out a breakdown of our gross profit and gross profit margin by product and service segment during the Track Record Period:

	FY2022		FY2023		FY2024	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	**68,766**	**22.6**	**55,521**	**21.3**	**66,108**	**27.2**
– Receipt printers	37,570	32.2	37,823	33.4	29,436	31.6
– Barcode label printers	6,964	10.9	8,511	10.3	29,163	28.2
– Portable study printers	13,463	15.3	7,305	12.1	6,224	14.2
– Printing modules and other printers	10,768	30.1	1,882	42.3	1,285	42.0
Scales	**7,927**	**22.2**	**16,180**	**34.2**	**20,008**	**37.7**
– AI scales	7,364	26.5	12,258	36.5	15,562	38.4
– Conventional scales	363	5.1	3,922	28.6	4,446	35.3
POS terminals and PDA	**4,584**	**19.4**	**4,445**	**26.9**	**7,820**	**23.3**
– POS terminals	4,366	18.9	3,998	29.2	6,401	24.9
– PDA	218	48.0	448	16.1	1,419	18.0
Accessories and other purchased products	**7,981**	**31.2**	**5,521**	**36.0**	**4,400**	**24.7**
– Parts	6,341	31.2	4,714	36.7	4,639	33.9
– Raw materials and other purchased products	1,641	31.0	807	32.3	(239)	(5.7)
Others	**603**	**15.3**	**3,797**	**44.2**	**1,029**	**47.0**
Total	**89,861**	**22.8**	**85,464**	**24.5**	**99,365**	**28.4**

During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024. For details of the fluctuations in gross profit margin during the Track Record Period, please refer to paragraph headed "Review of Historical Results of Operation" in this section.

Other Income

Our other income mainly comprised incentive and subsidies received from government authorities (i) for our contributions to local employment market, (ii) improvement in production efficiency, (iii) enhancement of innovation capabilities and in support of our R&D activities, (iv) VAT refund which is incidental to our sales and recurring in nature, and (v) others and rental income from leasing our investment properties. Our other income for FY2022, FY2023 and FY2024 were RMB12.9 million, RMB10.4 million and RMB16.9 million, representing 3.3%, 3.0% and 4.8% of our total revenue, respectively, during the same period.

Other (Losses)/Gains – Net

Our other (losses)/gains – net mainly represented net loss on disposal of property, plant and equipment, exchange gain – net primarily represented the gain or loss recognised due to the fluctuation of exchange rate of RMB against USD, gain from changes in fair values on wealth management products offered by reputable commercial banks in the PRC and gain or loss from changes in fair values on foreign currency forward contracts and others. The following tables sets out a breakdown of our other (losses)/gains – net during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain – net	3,331	947	2,133
Gain from changes in fair values on wealth management products	476	347	469
Gain/(loss) from changes in fair values on foreign currency forward contracts	511	(3,900)	(1,307)
Net loss on disposal of property, plant and equipment	(98)	–	(84)
Others	154	346	(18)
	4,374	(2,260)	1,193

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprised labour cost of our sales staffs, advertising and other marketing expenses, e-commerce platforms and related service fees, travel expenses and entertainment expenses, depreciation of property, plant and equipment and rights-of-use assets. The following table sets out a breakdown of our selling and marketing expenses and its percentage in terms of our total selling and marketing expenses during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Labour costs	15,617	63.0	10,797	47.9	13,301	53.2
Advertising and other marketing expenses	4,208	17.0	5,542	24.6	6,660	26.6
E-commerce platforms and related service fees	3,673	14.8	4,324	19.2	2,998	12.0
Travel expenses and entertainment expenses	401	1.6	1,238	5.5	856	3.4
Depreciation *(Note 1)*	461	1.9	344	1.5	330	1.3
Others	429	1.7	286	1.3	868	3.5
Total	24,789	100.0	22,531	100.0	25,013	100.0

Note:

1. Depreciation mainly comprised depreciation of property, plant and equipment and right-of-use assets.

Our selling and marketing expenses amounted to RMB24.8 million, RMB22.5 million and RMB25.0 million for FY2022, FY2023 and FY2024, representing 6.3%, 6.5% and 7.1% of our total revenue, respectively, for the same periods. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our selling and marketing expenses during the Track Record Period.

General and Administrative Expenses

Our general and administrative expenses primarily comprised labour costs of our administrative staff, Listing expenses, office and administrative expenses, consulting and professional fee, depreciation of property, plant and equipment and rights-of-use assets and amortisation of intangible assets. The following table sets out a breakdown of our general and administrative expenses and its percentage in terms of our total general and administrative expenses during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Labour costs	18,449	72.2	16,575	53.2	18,403	60.3
Listing expenses	–	–	8,605	27.6	8,293	27.2
Office and administrative expenses*(Note 1)*	2,269	8.9	2,101	6.8	1,482	4.9
Depreciation and amortisation*(Note 2)*	1,708	6.7	1,547	5.0	1,555	5.1
Consulting and professional fees	1,925	7.5	1,788	5.7	654	2.1
Others	1,216	4.7	514	1.7	118	0.4
Total	25,567	100.0	31,130	100.0	30,505	100.0

Notes:

1. Office and administrative expenses mainly comprised transportation expenses, utilities, stationery and travel and entertainment expenses.

2. Depreciation and amortisation mainly comprised depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets.

Our general and administrative expenses amounted to RMB25.6 million, RMB31.1 million, and RMB30.5 million for FY2022, FY2023 and FY2024, representing 6.5%, 8.9% and 8.7% of our total revenue, respectively, during the same period. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our general and administrative expenses during the Track Record Period.

R&D Expenses

Our R&D expenses primarily comprised employee benefit expenses for our R&D staff and raw materials and consumables used in R&D activities. The following table sets out a breakdown of our R&D expenses and its percentage in terms of our total R&D expenses during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Labour costs	11,379	87.8	7,084	80.7	12,218	79.6
Materials cost	139	1.1	110	1.2	599	3.9
Depreciation	107	0.8	479	5.5	423	2.8
Other expenses	1,339	10.3	1,110	12.6	2,113	13.7
Total	12,964	100.0	8,783	100.0	15,353	100.0

Our R&D expenses amounted to RMB13.0 million, RMB8.8 million and RMB15.4 million for FY2022, FY2023 and FY2024, representing 3.3%, 2.5% and 4.4% of our total revenue respectively, during the same period. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our R&D expenses during the Track Record Period.

Reversal of/(Provision for) Impairment Losses on Financial Assets

Our reversal of/(provision for) impairment losses on financial assets mainly represented the net loss allowance or reversal for expected credit loss on trade receivables. Our impairment loss on trade receivables for a particular reporting period was calculated primarily based on the expected credit loss rate of our trade receivables as at the end of the period as compared to that of the prior period. The expected credit loss rates are based on days past due of receivables from various customer groups with similar risk characteristics and is adjusted for forward-looking estimates. The calculation reflects the probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. We recorded reversal of impairment on financial assets of RMB6,000 for FY2022 and RMB0.2 million for FY2024, and provision for impairment losses on financial assets of RMB0.2 million for FY2023.

Finance Income and Costs

Our financial income mainly includes our interest income on bank deposits and loans to our Controlling Shareholders. Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. Lease liabilities mainly represented lease agreements for our factory building and office. The following table sets out a breakdown of our finance costs – net during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
– Interest income on bank deposits	34	143	930
– Interest income on amounts due from related parties	396	675	41
	430	818	971
Finance costs			
– Interest expenses on bank borrowings	(2,033)	(2,259)	(2,813)
– Interest expenses on lease liabilities	(25)	(4)	(16)
	(2,058)	(2,263)	(2,829)
Amounts capitalised in qualifying assets of construction in progress	227	–	–
	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)

Please refer to paragraphs headed "Indebtedness and Contingent Liabilities" in this section for details of our bank borrowings and "Review of Historical Results of Operation" in this section for reasons of the fluctuation of our financial cost during the Track Record Period.

Income Tax Expense

Income tax expense primarily consisted of current and deferred tax at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

As for PRC enterprise income tax, the Company was granted with the qualification of High and New Technology Enterprises on 1 December 2020 and was entitled to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2020. The Company was further granted with the same qualification on 7 December 2023 and is entitled to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2023. During the Track Record Period, all our subsidiaries were qualified as "Small and Low-profit Enterprise" ("**SLE**") and are entitled to preferential income tax treatment during the Track Record Period. Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE's annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

For FY2022, FY2023 and FY2024, our income tax expense were RMB4.9 million, RMB2.0 million and RMB3.5 million, respectively. Our Group's overall effective tax rates which were calculated by dividing income tax expense with our profit before income tax, were 11.6%, 6.6% and 7.9% for the same periods.

REVIEW OF HISTORICAL RESULTS OF OPERATION

FY2024 as compared to FY2023

Revenue

Our revenue increased from RMB348.7 million for FY2023 to RMB350.1 million for FY2024.

By product segment

Revenue derived from the sales of printing equipment decreased from RMB261.1 million for FY2023 to RMB243.4 million for FY2024. The decline in revenue was primarily driven by the decrease in sales of portable study printers to Customer Group A by RMB21.4 million. Our portable study printers are designed for students to print study exercises and notes for home study, and such demand was stimulated by the increased home-based learning due to COVID-19 related social restrictive measures. However, coinciding with the lifting of these restrictions during FY2023, the gradual return to physical lessons and tutoring led to a decrease in market demand for portable study printers for home study in FY2023. This softening of demand continued in FY2024 as a result of the full resumption of physical lessons and tutoring. Such decrease was partially offset by the increase in sales of newly launched hazardous waste label printers of RMB13.8 million.

Revenue derived from the sales of scales increased from RMB47.3 million for FY2023 to RMB53.1 million for FY2024 as we extended our sales to cover new overseas customers, in particular, new customers in Thailand and Kazakhstan of RMB3.1 million and RMB2.0 million, respectively.

Revenue derived from the sales of POS terminals and PDAs increased significantly from RMB16.5 million for FY2023 to RMB33.6 million for FY2024, as the sales volume of our POS terminals and PDAs doubled, as compared to FY2023. Our sales volume significantly increased following the launch of several new models in FY2023 and FY2024 designed to closely align with current market demands. For instance, we commenced sales of five new models such as AP12S Handheld POS Terminal, A2 Desktop POS Terminal and i2 Handheld Data Terminal, which are generally applied in retail sales, logistic, entertainment and medical sectors. Sales of these models, which commenced since July 2023, generated revenue of RMB0.6 million in FY2023 and RMB13.4 million in FY2024.

Revenue derived from the sales of accessories and other purchased products increased from RMB15.3 million for FY2023 to RMB17.8 million for FY2024. Such increase was primarily due to (i) the increase in sales of parts to our existing customers. In particular, one of our customers in Brazil increased its purchase of parts by RMB1.0 million alongside with its purchase of our printing equipment and POS terminals; and (ii) the sales of obsolete raw materials that are no longer being used in production, mainly including electronic parts such as motherboards, liquid-crystal display (LCD) modules and monitors.

Revenue derived from others decreased from RMB8.6 million for FY2023 to RMB2.2 million for FY2024. The decrease was attributed to a decline in product development projects and orders for customised products that require new moulds and certification services.

By geographical location

Despite our revenue remained stable for FY2023 and FY2024, our revenue derived from the PRC, Americas (except the United States) and Africa experienced certain degree of fluctuation in FY2024.

Our revenue derived from the PRC decreased from RMB190.1 million for FY2023 to RMB185.3 million for FY2024. Such decrease was primarily attributable to the decrease in sales of portable study printers to Customer Group A by RMB21.4 million, as partially offset by the sales of newly launched hazardous waste label printers of RMB13.8 million.

Our revenue derived from Americas (except the United States) increased from RMB14.9 million for FY2023 to RMB20.3 million for FY2024. Such increase was primarily attributable to the increase in sales of upgraded models of POS terminals launched in FY2023 equipped with upgraded motherboard and random access memory of RMB4.2 million in FY2024 in Americas (except the United States).

Our revenue derived from Africa increased from RMB5.7 million for FY2023 to RMB10.8 million for FY2024. Such increase was primarily attributable to the increase in sales of scales of RMB2.9 million. In particular, the revenue derived from our best selling model of AI scales increased by RMB1.6 million in FY2024 in Africa.

Cost of sales

Our cost of sales decreased from RMB263.3 million for FY2023 to RMB250.7 million for FY2024, despite the increase in revenue. Such decrease was mainly due to (i) the increased utilisation of bulk purchase discount and our efforts in obtaining better terms with our suppliers for raw materials in relation to the production of our printing equipment and scales, and (ii) the reversal of impairment of inventories as a result of the decrease in the carrying amount of long ageing inventories, which was mainly due to the implementation of enhanced inventory management polices that set out the standard operation procedures in relation to the utilisation, monitoring and disposal of slow-moving inventories.

Gross profit and gross profit margin

Our gross profit increased from RMB85.5 million for FY2023 to RMB99.4 million for FY2024. Such increase was primarily due to the increase in gross profit of printing equipment, scales and POS terminals and PDAs of RMB10.6 million, RMB3.8 million and RMB3.4 million in FY2024.

Our gross profit margin increased from 24.5% for FY2023 to 28.4% for FY2024. Such increase was mainly attributable to (i) the sales of hazardous waste label printers which has a higher gross profit margin, (ii) the increase in the proportion of sales of scales which generally have a higher gross profit margin, (iii) the decrease in sales of printing equipment with lower gross profit margin to our customers in the PRC, and as partially offset by the decrease in gross profit margin of accessories and other purchased products as explained below.

By product and service segment

Our gross profit margin of printing equipment increased from 21.3% for FY2023 to 27.2% for FY2024. Such increase was primarily due to the increase in sales of our newly launched hazardous waste label printers in March 2024, which generally have a higher gross profit margin compared to other printing equipment due to their connectivity with the national or local hazardous waste treatment platforms and exclusive collaboration with the software company. For details, please refer to section headed "Business – Our Products – Printing Equipment" in this prospectus.

Our gross profit margin of scales increased from 34.2% for FY2023 to 37.7% for FY2024. Such increase was mainly attributable to the decrease in unit cost of our scales resulting from our efforts in obtaining better terms with our suppliers and the increased utilisation of bulk purchase discount.

Our gross profit margin of POS terminals and PDAs decreased from 26.9% for FY2023 to 23.3% for FY2024, which was attributable to (i) the decrease in gross profit margin of our POS terminals as we reduced the selling price of certain models in order to increase market presence of our POS terminals. For instance, the average unit price of our model with the highest sales volume in FY2024, which was launched in FY2023 with upgraded hardware including motherboard and random access memory, decreased by approximately 4.4%. Meanwhile, the sales volume for this model quadrupled in FY2024; and (ii) the decrease in the proportion of sales of POS terminals, which generally have a higher gross profit margin as compared to PDAs. Our POS terminals generally have a higher gross profit margin compared to our PDAs due to (i) our ability to secure better pricing for raw materials used for the production of POS terminals, facilitated by our higher production volume of POS terminals relative to PDAs during the Track Record Period. For instance, the average unit cost of certain type of our POS terminal motherboards, which cannot be used for the production of PDAs, decreased by 3.2% on average in FY2024 along with increased purchase volume correlating with higher POS terminal sales; and (ii) the pricing of PDAs was competitive due to market competition.

Our gross profit margin of accessories and other purchased products decreased from 36.0% for FY2023 to 24.7% for FY2024. The decrease was primarily due to (i) the sales of electronic parts, such as motherboards, liquid-crystal display (LCD) modules and monitors, which were specifically prepared for the production of certain models that has been phased out, of RMB0.3 million to two electronic components traders in the PRC at gross loss to clear up slow-moving and obsolete inventories. For FY2022 and FY2023, provision for impairment of inventories in relation to such raw materials of RMB0.9 million and RMB0.3 million were charged to the consolidated statement of comprehensive income, respectively. Upon the disposal of such slow-moving and obsolete raw materials, we further recorded a gross loss of RMB0.2 million in FY2024; and (ii) the increase in sales of parts of printing equipment of RMB1.2 million with a lower gross profit margin of 15.0% to an existing customer in Brazil in view of our long-standing business relationship with such customer since 2016. Our Directors confirm that (i) the electronic component traders and the customer in Brazil are Independent Third Parties; and (ii) saved for the disclosed business relationship, the electronic component traders, the customer in Brazil and their associates do not have any past or present relationships (including business, employment, family, trust, financing, fund flow or otherwise) with our Group, our Shareholders, Directors or senior management, or any of their respective associates.

Our gross profit margin of others remained relatively stable for FY2023 and FY2024.

Other income

Our other income increased from RMB10.4 million for FY2023 to RMB16.9 million for FY2024, which was primarily due to the increase in government grants and subsidies.

Other gains/(losses) – net

Our other losses – net of RMB2.3 million for FY2023 turned around to other gains – net of RMB1.2 million for FY2024. Such turnaround was primarily due to the increase in exchange gain – net by RMB1.2 million and the decrease in loss from changes in fair values of foreign currency forward contracts of RMB0.5 million.

Selling and marketing expenses

Our selling and marketing expenses increased from RMB22.5 million for FY2023 to RMB25.0 million for FY2024 mainly attributable to the increase in labour costs. Such increase in labour costs was partially offset by the decrease in e-commerce platforms and related service fees in FY2024, which was primarily due to the decrease in the overseas e-commerce platforms-related advertisement fee as we reallocated resources from online promotions to attending exhibitions as the market recovered from the impact of the COVID-19 pandemic and the decrease in sales on overseas e-commerce platform in FY2024. In FY2024, we attended 13 exhibitions, as compared to 8 exhibitions in FY2023.

General and administrative expenses

Our general and administrative expenses remained relatively stable at RMB31.1 million for FY2023 and RMB30.5 million for FY2024.

R&D expenses

Our R&D expenses increased from RMB8.8 million for FY2023 to RMB15.4 million for FY2024 mainly because (i) more resources were allocated to R&D projects for developing upgraded products for iteration, where costs for such projects will not be capitalised, and (ii) the number of R&D staff and their wages had been increased generally in FY2024. In FY2024, the number of R&D projects that met the criteria for capitalisation decreased to 18 as compared to 30 for FY2023. For details of the criteria for capitalisation of R&D expenditures, please refer to the paragraph headed "Material Accounting Policies and Critical Estimates and Judgements – Material Accounting Policies – R&D Expenditures" in this section and note 16 to the Accountant's Report in Appendix I to this prospectus.

Provision for impairment losses on financial assets

We recorded reversal of impairment losses on financial assets of RMB0.2 million for FY2024 as compared to net impairment losses on financial assets of RMB0.2 million for FY2023, which was mainly because of the decrease in the balance of trade and note receivables that aged over 1 year as at 31 December 2024 as compared to 31 December 2023.

Finance costs – net

Our finance income and finance costs remained relatively stable for FY2023 and FY2024 respectively.

Income tax expenses

Our income tax expenses increased from RMB2.0 million for FY2023 to RMB3.5 million for FY2024, which was primarily due to the increase in our profit before income tax by RMB15.3 million.

Our effective tax rate increased from 6.6% for FY2023 to 7.9% for FY2024. Such increase was mainly due to the combined effect of (i) the increase in our taxable profit as a result of the increase in gross profit, and (ii) the amount of tax deduction from R&D expenditure remained stable for FY2024.

Net profit and net profit margin

As a result of the foregoing, our net profit increased from RMB27.6 million for FY2023 to RMB41.3 million for FY2024. Our net profit margin increased from 7.9% for FY2023 to 11.8% for FY2024. Such increase was primarily attributable to the increase in (i) our gross profit margin by 3.9 percentage points in FY2024 and (ii) other income from RMB10.4 million for FY2023 to RMB16.9 million for FY2024 as a result of the increase in government grants received.

Adjusted net profit (Non-IFRS Measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. We recognised adjusted net profit (non-IFRS measure) of RMB36.2 million and RMB49.6 million for FY2023 and FY2024, respectively. Please refer to paragraph headed "Non-IFRS Measures" in this section for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

FY2023 as compared to FY2022

Revenue

Our revenue decreased from RMB393.3 million for FY2022 to RMB348.7 million for FY2023.

By product segment

Revenue derived from the sales of printing equipment decreased from RMB304.4 million for FY2022 to RMB261.1 million for FY2023, mainly due to the decrease in sales to Customer C, one of our top five customers for FY2022, by RMB33.5 million from RMB34.6 million for FY2022 to RMB1.1 million for FY2023. Historically, Customer C placed one-off bulk purchase orders for our printing equipment at intervals of four to five years.

Revenue derived from the sales of scales increased by 32.1% from RMB35.8 million for FY2022 to RMB47.3 million for FY2023. The increase in revenue derived from sales of scales was mainly attributable to the increase in sales of our AI scales in FY2023 since the launch of our AI scales products in FY2022 and the increase in overseas sales of conventional scales of RMB4.6 million.

Revenue derived from the sales of POS terminals and PDAs decreased from RMB23.6 million for FY2022 to RMB16.5 million for FY2023. Such decrease was mainly due to decrease in sales to (i) an existing customers in France of RMB4.4 million as the orders from such customer were driven by a one-off project which was completed in FY2022; and (ii) an existing customer in Italy of RMB1.4 million due to enhanced product requirements that our existing models were unable to meet at that time. We subsequently launched a new model of POS terminal with improved design and upgraded hardware components in 2023. Following the launch of this new model, there was a recovery in sales to such customer from RMB0.6 million in FY2023 to RMB1.3 million in FY2024.

Revenue derived from the sales of accessories and other purchased products decreased from RMB25.6 million for FY2022 to RMB15.3 million for FY2023. Such decrease was mainly attributable to the decrease in sales to (i) existing customers in Brazil and Republic of Bulgaria of RMB3.2 million and RMB2.4 million, respectively. Our Directors believe that such customers reduced the size of orders in view of the then market conditions; and (ii) the decrease in sales to an existing customer in Spain. In particular, orders from such customer for the year ended 31 December 2021 were delivered in FY2022, whereas the orders in FY2022 and FY2023 were delivered within the respective fiscal years. Therefore, we recognised more revenue from such customer in FY2022.

Revenue derived from others increased from RMB3.9 million for FY2022 to RMB8.6 million for FY2023. Such increase was primarily attributable to the increase in revenue derived from product development service as we undertook an AI scale development project in amount of RMB3.6 million.

By geographical location

The decrease in our revenue for FY2023 was mainly due to the decrease in our sales in the PRC, Europe and the United States.

Our revenue derived from the PRC decreased from RMB214.8 million for FY2022 to RMB190.1 million for FY2023. Such decrease was primarily attributable to the decrease in sales of printing equipment to our existing customers. In particular, our sales to Customer Group A decreased by RMB27.4 million in FY2023. Our Directors believe that the decrease in sales to Customer Group A was mainly due to the softened market demands for portable study printer, which was generally used for preparing and printing study exercises and notes, when physical lessons or tutoring had gradually revived after the impact of COVID-19 in FY2023.

Our revenue derived from Europe decreased from RMB47.8 million for FY2022 to RMB39.3 million for FY2023, which was primarily attributable to (i) the decrease in sales to an existing customer in France of RMB4.4 million and (ii) the decrease in sales to a customer in Spain of RMB2.5 million as explained above.

Our revenue derived from the United States decreased from RMB48.4 million for FY2022 to RMB38.1 million for FY2023. Such decrease was mainly attributable to (i) the decrease in sales to an existing customer of RMB8.3 million and (ii) the decrease in overseas sales to Customer Group B by RMB1.8 million as it increased its purchase through subsidiaries in the PRC in FY2023.

Cost of sales

Our cost of sales decreased from RMB303.4 million for FY2022 to RMB263.3 million for FY2023, which was generally in line with the decrease in our revenue.

Gross profit and gross profit margin

Our gross profit decreased from RMB89.9 million for FY2022 to RMB85.5 million for FY2023. Such decrease was primarily attributable to the decrease in gross profit of printing equipment of RMB13.2 million in FY2023, which was generally in line with the decrease in revenue derived from sales of printing equipment and partially offset by the increase in gross profit of scales mainly due to the increase in sales of AI scales and the increase in overseas sales of conventional scales.

Our gross profit margin increased from 22.8% for FY2022 to 24.5% for FY2023. Such increase was mainly attributable to (i) the increase in sales of AI scales, which generally have a higher gross profit margin as compared to conventional scales, (ii) the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales in FY2023, and (iii) the decrease in provision of inventories of RMB4.6 million. Such decrease in provision of inventories was mainly due to (i) the slowdown in growth of long-aged inventories over one year (excluding specific inventory provision) in FY2023 as compared to FY2022; and (ii) a specific inventory provision of RMB2.5 million for raw materials and work-in-progress was made in FY2022 for obsolete inventories which were mainly prepared for the production of dot matrix invoice printers, while only RMB0.4 million specific inventories provision was made in FY2023. The decrease in demand for dot matrix invoice printer was mainly due to the popularisation of electronic invoice in the PRC.

By product and service segment

Our gross profit margin of printing equipment decreased from 22.6% for FY2022 to 21.3% for FY2023. Such decrease was primarily due to the absence of sales of printing modules to Customer C, which generally has a higher gross profit margin resulting from additional requirements by the customer such as the usage of high corrosion resistance materials.

Our gross profit margin of scales increased from 22.2% for FY2022 to 34.2% for FY2023. Such increase was mainly attributable to the increase in sales of AI scales, which generally have a higher gross profit margin and the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales of conventional scales mainly due to fierce price competition in the PRC. According to Frost & Sullivan, (i) there are large numbers of market participants in the PRC, leading to significant price competition; and (ii) domestic customers, including small businesses and factories, prioritise affordability over brand reputation, which forces manufacturers to lower their prices.

Our gross profit margin of POS terminals and PDAs increased from 19.4% for FY2022 to 26.9% for FY2023. Such increase was primarily due to the increase in gross profit margin of POS terminals. The gross profit margin for FY2022 was relatively low as we reduced the selling price of certain outdated models which have a lower profit margin, in order to clear up our stocks in contemplation of the launch of iterated models with improved motherboard and random-access memory in FY2023.

Our gross profit margin of accessories and other purchased products increased from 31.2% for FY2022 to 36.0% for FY2023. The increase was primarily due to (i) the increase in proportion of sales of parts by 4.4 percentage points and (ii) the increase in the gross profit margin of parts.

Our gross profit margin of others increased significantly from 15.3% for FY2022 and 44.2% for FY2023. Such increase was mainly attributed to as the AI scale development project had a higher gross profit margin of 63.6%.

Other income

Our other income decreased from RMB12.9 million for FY2022 to RMB10.4 million for FY2023, which was primarily due to the decrease in government grants and subsidies. Such decrease was partially offset by the increase in rental income.

Other losses – net

We recorded other losses – net of RMB2.3 million for FY2023 as compared to other gains – net of RMB4.4 million for FY2022. Such losses was mainly attributable to the turnaround from gain from changes in fair values on forward foreign exchange contracts of RMB0.5 million for FY2022 to loss of RMB3.9 million for FY2023, as a result of the weakening of RMB against USD from USD1:RMB6.8966 as at 1 January 2023 to USD1:RMB7.1429 as at 31 December 2023. Meanwhile, the average exchange rate under the forward foreign exchange contracts that had not been mature as at 31 December 2023 was USD1:RMB6.9486.

Selling and marketing expenses

Our selling and marketing expenses decreased from RMB24.8 million for FY2022 to RMB22.5 million for FY2023. Such decrease was primarily attributable to the decrease in labour cost of RMB4.8 million, which was mainly due to the absence of share-based payments of RMB3.1 million in FY2023 and the decrease in number of sales and marketing staff in FY2022.

General and administrative expenses

Our general and administrative expenses increased from RMB25.6 million for FY2022 to RMB31.1 million for FY2023 which was primarily due to the increase in Listing expenses of RMB8.6 million and partially offset by the decrease in labour costs of RMB1.8 million as a result of the absence of share-based payments in FY2023.

R&D expenses

Our R&D expenses decreased from RMB13.0 million for FY2022 to RMB8.8 million for FY2023. Such decrease was primarily due to the decrease in labour costs mainly resulting from (i) the increase of capitalisation of R&D expenses and (ii) the absence of share-based payment of RMB2.2 million in FY2023.

Reversal of/(provision for) impairment losses on financial assets

We recorded provision for impairment losses on financial assets of RMB0.2 million for FY2023, as compared to reversal of impairment losses on financial assets of RMB6,000 for FY2022, which was mainly due to the increase in carrying amount of gross trade receivables from RMB22.8 million as at 31 December 2022 to RMB57.9 million as at 31 December 2023.

Finance costs – net

Our finance income increased from RMB0.4 million for FY2022 to RMB0.8 million for FY2023. Such increase was mainly due to the increase in interest income on amounts due from our Controlling Shareholders of RMB0.3 million. Our finance costs increased from RMB1.8 million for FY2022 to RMB2.3 million for FY2023.

Income tax expenses

Our income tax expenses decreased from RMB4.9 million for FY2022 to RMB2.0 million for FY2023, which was mainly due to the decrease in our profit before income tax by RMB12.8 million.

Our effective tax rate decreased from 11.6% for FY2022 to 6.6% for FY2023. Such decrease was primarily attributable to the combination effect of the decrease in our profit before income tax and the favourable tax policy on R&D expenditure deductible to tax expenses which remained stable at RMB2.9 million and RMB3.0 million for FY2022 and FY2023, respectively. For details of the reconciliation of our income tax expenses and income tax under the statutory tax rate, please refer to note 11 to the Accountant's Report in Appendix I to this prospectus.

Net profit and net profit margin

As a result of the foregoing, our net profit decreased from RMB37.4 million for FY2022 to RMB27.6 million for FY2023. Our net profit margin decreased from 9.5% for FY2022 to 7.9% for FY2023. Such decrease was primarily due to the turnaround of other gains – net of RMB4.4 million for FY2022 to other losses – net of RMB2.3 million for FY2023.

Adjusted net profit (Non-IFRS Measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. We recognised adjusted net profit (non-IFRS measure) of RMB45.6 million and RMB36.2 million for FY2022 and FY2023, respectively. Please refer to paragraph headed "Non-IFRS Measures" in this section for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

Net current assets

The table below sets out a summary of our current assets and current liabilities as at 31 December 2022, 2023, 2024 and 31 March 2025, being the latest practicable date for the purpose of determining our indebtedness:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
CURRENT ASSETS				
Inventories	90,001	87,187	64,446	68,064
Trade receivables	24,306	60,181	66,166	60,680
Prepayments and other receivables	15,773	22,068	20,231	24,474
Amounts due from related parties	39,036	32,492	–	–
Financial assets at fair value through profit or loss	56,542	11,504	22,422	13,410
Restricted cash	6,787	2,304	–	–
Cash and cash equivalents	23,427	15,141	7,609	14,326
Total current assets	255,872	230,877	180,874	180,954
CURRENT LIABILITIES				
Trade payables	46,038	68,098	43,811	38,597
Accruals and other payables	43,108	20,866	23,802	20,287
Borrowings	60,224	37,483	57,942	68,922
Contract liabilities	14,945	10,307	7,715	6,748
Lease liabilities	325	96	126	127
Financial liabilities at fair value through profit or loss	–	2,114	–	–
Current tax liabilities	4,218	1,436	786	11
Provision	11,000	11,000	11,000	11,000
Total current liabilities	179,858	151,400	145,182	145,692
Net current assets	76,014	79,477	35,692	35,262

Our net current assets remained relatively stable at RMB35.7 million and RMB35.3 million as at 31 December 2024 and 31 March 2025, respectively.

Our Group recorded a decrease in net current assets from RMB79.5 million as at 31 December 2023 to RMB35.7 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million mainly by way of share repurchase and capital reduction in March 2024 and increase in bank borrowings, in particular RMB21.4 million of non-current borrowings as at 31 December 2023 have been reclassified as current borrowings as at 31 December 2024.

Our Group recorded an increase in net current assets from RMB76.0 million as at 31 December 2022 to RMB79.5 million as at 31 December 2023. Such increase was mainly due to the decrease in current liabilities outweighed the decrease in current assets. The decrease in current assets of RMB25.0 million was mainly due to the decrease in financial assets at fair value through profit or loss and cash and cash equivalents, being partially offset by the increase in trade receivables. The decrease in current liabilities of RMB28.5 million was mainly due to the decrease in accruals and other payables and contract liabilities, which was partially offset by the increase in trade payable.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations and bank borrowings.

Cash Flows

The following table sets out selected cash flows data from our consolidated statements of cash flows for the year indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	60,436	24,521	54,630
Net cash (used in)/generated from investing activities	(99,298)	29,582	(28,133)
Net cash generated from/(used in) financing activities	44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents	6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year	15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents	1,398	356	268
Cash and cash equivalents at end of year	23,427	15,141	7,609

Net Cash Generated from Operating Activities

For FY2024, we recorded net cash from operating activities of RMB54.6 million. The aforesaid net cash generated was principally due to profit before income tax of RMB44.9 million, which was positively adjusted by (i) the decrease in inventories of RMB26.0 million and (ii) the depreciation and amortisation of RMB11.8 million as partially offset by (i) the decrease in trade payables of RMB24.3 million and (ii) the increase in trade receivables of RMB5.8 million.

For FY2023, we recorded net cash from operating activities of RMB24.5 million. The aforesaid net cash generated was principally due to profit before income tax of RMB29.6 million, which was positively adjusted by (i) the increase in trade payables of RMB22.1 million and (ii) the increase in accruals and other payables of RMB6.4 million, as offset by (i) the increase in trade receivables of RMB36.0 million and (ii) the increase in prepayments and other receivables of RMB4.9 million income tax paid.

For FY2022, we recorded net cash from operating activities of RMB60.4 million. The aforesaid net cash generated was principally due to profit before income tax of RMB42.4 million which was positively adjusted by (i) the decrease in inventories of RMB26.3 million and (ii) the decrease in trade receivables of RMB6.7 million, as partially offset by (i) the decrease in trade payables of RMB29.2 million and (ii) the decrease in contract liabilities of RMB7.1 million.

Net Cash (Used In)/Generated from Investing Activities

For FY2024, we recorded net cash used in investing activities of RMB28.1 million, which was primarily attributable to (i) the net purchase of financial assets at fair value through profit or loss of RMB13.9 million, (ii) the purchase for intangible assets of RMB8.5 million, mainly represented the capitalised R&D costs, and (iii) the purchase of property, plant and equipment of RMB8.1 million.

For FY2023, we recorded net cash from investing activities of RMB29.6 million, which was primarily attributable to (i) the net proceeds from sales of financial assets at fair value through profit or loss, which mainly comprised wealth management products we purchased from reputable bank in the PRC, of RMB43.6 million and (ii) repayment of loans from our Controlling Shareholders of RMB7.2 million, as partially offset by (i) the net payment for property, plant and equipment of RMB14.9 million and (ii) purchase of intangible assets of RMB10.8 million.

For FY2022, we recorded net cash used in investing activities of RMB99.3 million, which was primarily attributable to (i) loans to related parties of RMB38.6 million, (ii) net payments for property, plant and equipment of RMB37.8 million, and (iii) the net payment for financial assets at fair value through profit or loss of RMB8.3 million.

Net Cash from/(Used in) Financing Activities

For FY2024, we recorded net cash used in financial activities of RM34.3 million, which was primarily attributable to (i) dividend paid to shareholders of the Company of RMB31.5 million as partially offset by the net proceeds from borrowing of RMB2.6 million.

For FY2023, we recorded net cash used in financial activities of RMB62.7 million, which was primarily attributable to (i) dividend paid to shareholders of the Company of RMB35.0 million and (ii) the net repayment of borrowing of RMB23.1 million.

For FY2022, we had net cash from financing activities of RMB44.9 million, which was primarily attributable to the proceeds from net increase of bank borrowing of RMB52.5 million, as partially offset by dividend paid to shareholders of the Company of RMB5.0 million.

Working Capital

Notwithstanding the sharp decline in cash and cash equivalents throughout the Track Record Period, taking into account our internal financial resources including cash and cash equivalents of RMB14.3 million and investment in wealth management products which were redeemable on demand of RMB13.4 million as at 31 March 2025, our net cash generated from operations and available banking facilities of RMB125.0 million as at the Latest Practicable Date, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment mainly consisted of buildings, machinery and equipment, office furniture and fixtures, vehicles and construction in progress. As at 31 December 2022, 2023 and 2024, the carrying amount of our property, plant and equipment amounted to RMB85.5 million, RMB84.3 million and RMB84.4 million, respectively. The carrying amount of our property, plant and equipment remained relatively stable as at 31 December 2022, 2023 and 2024.

Investment Properties

Our investment properties consist one block of the building and certain floor areas of another building situated in our New Xiamen Base. For further details of the investment property, please refer to the section headed "Business – Properties" in this prospectus.

Our investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 40 years for building and 50 years for land-use right. The carrying amount of our investment properties was RMB42.0 million, RMB41.0 million and RMB40.0 million as at 31 December 2022, 2023 and 2024, respectively.

Intangible Assets

Our intangible assets comprise capitalised R&D expenditure and company software acquired amounting to RMB12.8 million, RMB19.8 million and RMB23.0 million as at 31 December 2022, 2023 and 2024, respectively.

Our intangible assets were mostly related to the capitalisation of R&D expenditures, which accounted for 99.5%, 99.3% and 99.4% of our intangible assets balances as at 31 December 2022, 2023 and 2024, respectively. For details of our accounting policy in relation to recognition of R&D expenditure as assets, please refer to section headed "Material Accounting Policies and Critical Estimates and Judgements – Material Accounting Policies – R&D Expenditures" in this section.

Inventories

The table below sets out the breakdown of our inventories and net of provision as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work in progress	1,563	93	779
Finished goods	48,624	39,806	28,091
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
Total	90,001	87,187	64,446

Our inventories mainly consisted of raw materials, work in progress and finished goods. Our raw materials mainly included printheads, motors, batteries, PCBAs, ICs and other hardware components. Our finished goods consisted of our finished products which had not yet been delivered to our customers.

Our inventories decreased from RMB90.0 million as at 31 December 2022 to RMB87.2 million as at 31 December 2023, and further decreased to RMB64.4 million as at 31 December 2024.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Our provision for impairment of slow moving and obsolete inventories amounted to RMB12.6 million, RMB13.4 million and RMB8.9 million, respectively as at 31 December 2022, 2023 and 2024, which were mainly related to obsolete stocks and slow-moving stocks. Our provision for impairment of inventories decreased by RMB4.5 million mainly because of (i) the enhancement in implementation of our inventory management policies, including but not limited to revisiting the standard operating procedures on utilisation, monitoring and disposal of slow-moving inventories, and (ii) the sales of inventories to our existing customers as parts and accessories and the sales of slow-moving raw materials during the year. Our provision for impairment of inventories increased by RMB0.8 million as at 31 December 2023 as compared to that of 2022, which was primarily attributable to the increase in long ageing inventories.

The table below sets out the ageing analysis of our inventories as at the date indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	90,947	85,036	60,724
1–2 years	7,043	9,294	5,776
2–3 years	2,548	3,011	4,350
Over 3 years	2,051	3,292	2,451
Total	102,589	100,633	73,301

As at 31 March 2025, 54.0% of our gross inventories amounting to RMB39.6 million as at 31 December 2024 has been subsequently utilised and/or sold.

The below table sets out our inventory turnover days for the periods indicated:

	FY2022	**FY2023**	**FY2024**
Inventory turnover days *(Note)*	127	123	110

Note: Inventory turnover days are calculated by dividing the average of the beginning and ending inventory balances for the year by cost of sales of the year and multiplied by the number of days in the relevant year.

Our inventory turnover days decreased from 123 days for FY2023 to 110 days for FY2024, mainly due to the decrease in inventories, as a result of (i) the enhancement in implementation of our inventory management policies, including but not limited to revisiting the standard operating procedures on utilisation, monitoring and disposal of slow-moving inventories, and (ii) the sales of inventories to our existing customers as parts and accessories and the sales of slow-moving raw materials during the year. Our inventory turnover days remained relatively stable at 127 days and 123 days for FY2022 and FY2023, respectively.

Trade and Note Receivables

The table below sets out the breakdown of trade and note receivables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Note receivables	2,005	2,908	937
Trade receivables	22,795	57,933	65,641
Less: Provision for impairment	(494)	(660)	(412)
Trade and note receivables, net	24,306	60,181	66,166

Our trade receivables were mainly related to products sold to our customers and consisted of outstanding amounts receivables by us from our customers. Our Group's trading terms with our customers are mainly on credit or payment in advance. Our trade and note receivables increased from RMB60.2 million as at 31 December 2023 to RMB66.2 million as at 31 December 2024 mainly because we offered more favourable credit terms of 120 days to certain customers for orders of certain newly launched printing equipment. Our trade and note receivables increased from RMB24.3 million as at 31 December 2022 to RMB60.2 million as at 31 December 2023. Such increase was mainly due to the increase of sales in the last quarter of FY2023.

The table below sets out a summary of the ageing analysis of our trade receivables based on the invoice date as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	21,805	56,861	64,198
181–360 days	854	420	1,306
Over 360 days	136	652	137
Total	22,795	57,933	65,641

We normally grant our credit customers and distributors with a credit term of within four months and one month from the invoice date, respectively. Despite the increase in the trade receivables aged over three months as of the year end of each of the Track Record Period, we seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly and followed up by our sales and financial department. We do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 March 2025, RMB49.2 million, or 75.0%, of our net trade receivables outstanding as at 31 December 2024 had been subsequently settled.

The following table sets out our trade receivables turnover days during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
Trade receivables turnover days*(Note)*	25	42	64

Note: Trade receivables turnover days are calculated by dividing the average of the beginning and ending trade receivables balances of the year by revenue for the year and multiplied by the number of days in the relevant year.

Our trade receivables turnover days increased from 42 days for FY2023 to 64 days for FY2024, which was due to the increase in opening balance of trade receivables in 2024 as compared to that of 2023, as a result of the increase of sales in the last quarter of FY2023 as compared to the last quarter of FY2022, due to an increase in sales to Customer Group A. Meanwhile, the closing balance of trade receivables remained relatively stable as at 31 December 2023 and 2024. Our trade receivables turnover days increased from 25 days for FY2022 to 42 days for FY2023. Such increase was primarily due to the increase in carrying amount of trade receivables as at 31 December 2023 as compared to that of 2022, as a result of the increase of sales in the last quarter of FY2023 as compared to the last quarter of FY2022, due to an increase in sales to Customer Group A.

Prepayments and Other Receivables

The table below sets out a summary of the our prepayments and other receivables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
VAT recoverable *(Note 1)*	8,778	11,468	7,771
Prepayment for expenses *(Note 2)*	1,837	2,917	6,935
Prepayment for purchase of raw materials	1,378	4,006	1,938
Refundable deposits receivable *(Note 3)*	887	1,064	621
Others	2,978	2,697	3,058
Less: provision for impairment	(85)	(84)	(92)
Total	15,773	22,068	20,231

Notes:

1. VAT recoverable mainly represented input tax paid on purchases of goods and services, which is deductible to the VAT paid by the Group.

2. Our prepayment for expenses mainly comprised prepayment for utilities and legal and professional fees in relation to the Global Offering.

3. Refundable deposits receivable mainly comprised deposits for leasing of factory building and certain projects.

Our prepayment and other receivables mainly comprised VAT recoverable, prepayment for purchase of raw materials, prepayment for expenses and others. We recorded prepayment and other receivables of RMB15.8 million, RMB22.1 million and RMB20.2 million as at 31 December 2022, 2023 and 2024, respectively. The balance of prepayments for purchase of raw materials at the end of each reporting period is affected by the extent of our procurement close to the year end date depending on the amount of raw materials in stock and the level of purchase received from our customers.

We recorded VAT recoverable of RMB8.8 million, RMB11.5 million and RMB7.8 million as at 31 December 2022, 2023 and 2024, respectively. Our VAT recoverable decreased from RMB11.5 million as at 31 December 2023 to RMB7.8 million as at 31 December 2024. This decline is attributed to the decrease in purchase resulting from the enhancement of our inventory management policies. Our VAT recoverable increased from RMB8.8 million as at 31 December 2022 to RMB11.5 million as at 31 December 2023, which was mainly because our Group has been entitled to favourable tax policy on VAT deduction on embedded software in FY2022.

As at 31 March 2025, RMB19.2 million, or 95.0%, of our prepayments and other receivables as at 31 December 2024 had been subsequently utilised or settled.

Amounts Due from Related Parties

Amounts due from related parties primarily represent amounts due from our Controlling Shareholders. Our Group had an outstanding balance due from related parties of RMB39.0 million, RMB32.5 million and nil as at 31 December 2022, 2023 and 2024, respectively. All amounts due from our Controlling Shareholders were unsecured, bearing fixed interest at rates ranging from 2% to 4.35%, non-trade in nature and repayable within 1 year. The interest rates of such loans was determined by parties through arm's length negotiation with reference to the interest rate on the bank loan of our Group. All of the amounts due from our Controlling Shareholders had been settled and offset in full by way of repayment and reduction of share capital as of 31 December 2024. For further details, please refer to note 33 of the Accountant's Report in Appendix I to this prospectus.

Financial Assets at Fair Value through Profit or Loss

We recorded financial assets at fair value through profit or loss of RMB56.5 million, RMB11.5 million and RMB22.4 million as at 31 December 2022, 2023 and 2024, respectively.

Our financial assets at fair value through profit or loss mainly represented the fair value of wealth management products we purchased from reputable banks as part of our treasury management and forward exchange agreements entered into by us. We managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they have been designated as financial assets at fair value through profit or loss. As part of our treasury management, we invested in certain low risk wealth management products from reputable banks to better utilise our short-term surplus cash.

We have implemented internal control policies to ensure reasonable liquidity while achieving investment returns to support the operational and strategic investment needs of our Group. We mainly invest in structured deposits and high-yield deposits from banks, and low-risk central government bonds with banks acting as the intermediary (excluding securities, futures, local government bonds, corporate bonds or other derivatives), which last for less than 12 months. Our financial department is responsible for, among other things, (i) formulating wealth management strategies and proposals of wealth management products for our Board's approval, (ii) regularly monitoring the wealth management products, and (iii) performing internal audits and reporting to the chief executive and audit committee of our Group. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations, particularly, our chief financial officer, Mr. Chen Zhichuan, who is a member of the Chinese Institute of Certified Public Accountants (CICPA) and an Intermediate Accountant and has over 6 years of experience in finance and accounting. In addition, prior to making investments in wealth management products, the budget for investment shall be reviewed and approved by our Board or our Shareholders.

Upon the Listing, our investments shall be made strictly in accordance with our internal control policy and Articles of Association, and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

We entered into RMB/USD foreign exchange forward contracts with banks in PRC in order to manage our exposure to foreign currency fluctuation risks. Our international marketing team is responsible for forecasting our future foreign currency transactions to our financial department. Our financial department is responsible for submitting proposals based on our actual business operation for the approval of the chairman of our Board, and the overall implementation and supervision of our foreign exchange forward contracts. Our internal audit department is responsible for reviewing the actual performance of the foreign exchange forward contracts. Besides, the annual budget for entering into foreign exchange forward contracts shall be approved by the chief executive of our Group. Foreign exchange forward contracts with transaction amount up to 50% of our net assets require approval from the chief executive of our Company, while contracts exceeding this threshold require approval from our Board. As at 31 December 2024, we have closed all our position in foreign exchange forward contracts.

Trade Payables

Our trade payables were mainly related to payables to suppliers and contractors. As at 31 December 2022, 2023 and 2024, our trade payables were RMB46.0 million, RMB68.1 million and RMB43.8 million, respectively.

Our trade payables decreased by 35.7% from RMB68.1 million as at 31 December 2023 to RMB43.8 million as at 31 December 2024. The decline of trade payables as at 31 December 2024 as compared to that of 2023 was attributed to the decrease in purchase resulting from the enhancement of our inventory management policies. Our trade payables increased by 47.9% from RMB46.0 million as at 31 December 2022 to RMB68.1 million as at 31 December 2023, which was mainly because of our increase in purchase of raw materials in FY2023.

The following table sets out the ageing analysis of our trade payables as at the invoice dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,038	68,098	43,811

As at 31 March 2025, RMB40.6 million or 92.7% of our trade payables outstanding as at 31 December 2024 had been subsequently settled.

The table below sets out our trade payable turnover days during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
Trade payable turnover days*(Note)*	73	79	81

Note: Trade payable turnover days are calculated by dividing the average of the beginning and ending trade payables balances of the year by costs of sales and multiplied by the number of days in the relevant year.

Our trade payable turnover days remained relatively stable for FY2023 and FY2024. Our trade payable turnover days remained relatively stable at 73 days and 79 days for FY2022 and FY2023, respectively. Our trade payable turnover days were within the range of credit period generally granted by our suppliers.

Contract Liabilities

Our contract liabilities mainly arise from the non-refundable advance payments from customers of our Group. Our contract liabilities decreased by 25.2% from RMB10.3 million as at 31 December 2023 to RMB7.7 million as at 31 December 2024. Such decrease was mainly due to the decrease in unfulfilled orders with non-refundable advance payment from our customers in the end of 2024 as compared to the end of FY2023. Our contract liabilities decreased from RMB14.9 million as at 31 December 2022 to RMB10.3 million as at 31 December 2023. Such decrease was primarily attributable to the decrease in non-refundable advance payment from our customers in relation to purchase order in the end of FY2023 as compared to that of FY2022.

As at 31 March 2025, RMB7.4 million, or 96.5%, of our contract liabilities as at 31 December 2024 had been subsequently recognised as revenue.

Accruals and Other Payables

The table below sets out the breakdown of accruals and other payables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Staff salaries and welfare payable	7,964	8,014	9,510
VAT and other taxes payable	2,348	6,116	6,840
Payables for Listing expenses	–	2,629	4,313
Payables for purchase of property, plant and equipment	15,034	1,344	439
Deferred income – current portion	–	–	198
Dividends payable	15,000	–	–
Others	2,762	2,273	2,502
	43,108	20,866	23,802

Our accruals and other payables decreased from RMB43.1 million as at 31 December 2022 and RMB20.9 million as at 31 December 2023 mainly due to the decrease in payables for purchase of property, plant and equipment of RMB13.7 million in relation to the development of our New Xiamen Base, which was partially offset by the increase in VAT and other taxes payable. We recorded higher VAT tax payable mainly due to our increased input tax pending certification as at 31 December 2023, which was deductible to VAT. Our accruals and other payables increased from RMB20.9 million as at 31 December 2023 to RMB23.8 million as at 31 December 2024, which was primarily attributable to the increase in payables for Listing expenses, staff salaries and welfare.

As at 31 March 2025, RMB23.4 million, or 98.1%, of our accruals and other payables as at 31 December 2024 had been subsequently settled.

Provision

We recorded provision for a potential legal claim of RMB11.0 million, RMB11.0 million and RMB11.0 million as at 31 December 2022, 2023 and 2024, respectively. For details of the legal claim, please refer to section headed "Business – Legal and Compliance – Legal Proceedings".

INDEBTEDNESS AND CONTINGENT LIABILITIES

The following table sets out our debts as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Non-current portion				
Borrowings	49,977	49,278	31,379	27,848
Lease liabilities	94	–	65	33
	50,071	49,278	31,444	27,881
Current portion				
Borrowings	60,224	37,483	57,942	68,922
Lease liabilities	325	96	126	127
	60,549	37,579	58,068	69,049
Total	110,620	86,857	89,512	96,930

Borrowings

As at 31 December 2022, 2023, 2024 and 31 March 2025, our Group had bank borrowings of RMB110.2 million, RMB86.8 million, RMB89.3 million and RMB96.8 million, representing 47.9%, 43.2%, 50.4% and 55.5% of our total liabilities as at the same dates, respectively.

The following table sets forth a breakdown of our bank borrowings as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Borrowings				
Unsecured	–	6,720	46,448	57,442
Secured	36,952	32,269	27,659	25,414
Guaranteed	53,112	30,063	–	–
Secured and Guaranteed	20,137	17,709	15,214	13,914
Total	110,201	86,761	89,321	96,770

The following table sets out the maturity profile of our bank borrowings as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Carrying amount repayable:				
Within 1 year	60,224	43,923	57,942	68,922
Between 1 and 2 years	7,139	21,419	31,379	27,848
Between 2 and 3 years	21,419	21,419	–	–
Between 3 and 5 years	21,419	–	–	–
Total	110,201	86,761	89,321	96,770

All our borrowings are denominated in RMB. During the Track Record Period, our bank borrowings bear interests at fixed interest rates and the average interest rates, which were calculated based on interest expenses on bank borrowings divided by weighted average principal of bank borrowings as at the end of relevant year and multiplied by 100%, were 3.57%, 3.20% and 3.03% per annum, respectively.

Certain of our Group's bank loans were secured by mortgages over our New Xiamen Base in Tongan District, Xiamen, the PRC, which had aggregate carrying values of RMB126.3 million, RMB123.5 million and RMB120.5 million as at 31 December 2022, 2023 and 2024, respectively. As at 31 March 2025, the aforementioned bank borrowings were continued to be secured by our New Xiamen Base.

Mr. Xu Kaiming and his spouse have guaranteed certain bank borrowings of up to RMB110.1 million, RMB80.0 million, RMB42.8 million and RMB13.9 million as at 31 December 2022, 2023 and 2024 and 31 March 2025, respectively. The aforesaid guarantee will be released by the creditor or the relevant loans will be repaid before or upon the Listing.

Certain bank borrowings of up to RMB10.0 million as at 31 December 2022 were guaranteed by a third party guarantee company, which charged guarantee fees and required Mr. Xu and his spouse to provide back-to-back guarantee to them. Such loan had been repaid in full in FY2023.

Some of our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans in the PRC. Such covenants primarily include requirements for us to obtain the relevant lenders' prior consent for certain transactions, such as disposal of material assets and merger or consolidation. Save as disclosed above, so far as our Directors are aware, we do not have any material covenants relating to the outstanding debts which limited our ability to undertake additional debt or equity financing. During the Track Record Period, our Directors confirm that (i) we have complied with all of the covenants of our bank loan; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements and the payments of trade and non-trade payables; and (iii) we did not have any plan to raise material external debt financing as at the date of this prospectus.

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group renewed bank borrowing of RMB12.0 million and obtained bank borrowing of RMB35.0 million. Save as disclosed in this prospectus, there was no bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft borrowing or similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges hire purchases or finance lease commitments, guarantees or other material contingent liabilities obtained or issued by our Group as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any difficulty in obtaining bank loans and other borrowing, defaulted in the payment of any bank loans and other borrowings or breached covenants.

As at the Latest Practicable Date, we had unutilised banking facilities of RMB125.0 million, all of which are committed and unrestricted. There was no material change in our Group's indebtedness since 31 March 2025 and up to the date of this prospectus.

Lease Liabilities

Our Group has lease contracts for various items of plant and properties used in our operations. Lease liabilities represent the present value of lease payments to be made over the lease term. Our lease liabilities amounted to RMB0.4 million, RMB0.1 million, RMB0.2 million and RMB0.2 million as at 31 December 2022, 2023, 2024 and 31 March 2025.

Contingent Liabilities

Save as disclosed in the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus, as at 31 March 2025, being the Latest Practicable Date for the purpose of the indebtedness statement, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND COMMITMENTS

Our Group's capital expenditure mainly consisted of acquisition of building, plant and equipment for our Group's future expansion purposes.

Capital Expenditures

The following table sets forth our material capital expenditures for the periods indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of construction in progress	29,391	–	73
Purchase of other items of fixed assets	2,674	2,719	4,437
Total	32,065	2,719	4,510

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. For details, please refer to section headed "Future Plans and Use of Proceeds" in this prospectus. We intend to fund our future capital expenditures by cash generated from our operations, bank borrowings and/or the net proceeds from the Global Offering. In the event that the actual net proceeds from the Global Offering received is less than currently anticipated, we intend to fund the deficient amount by cash generated from our operations and/or bank borrowings, and/or adjust our expansion plan accordingly.

Capital Commitments

Our Group did not have any material capital commitments as at 31 December 2022, 2023 and 2024.

RELATED PARTY TRANSACTIONS

The following table sets forth the material related party transactions for the years indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Loan to related parties:			
Xiamen Rongxin	36,817	32,492	–
Mr. Xu Kaiming	2,219	–	–
	39,036	32,492	–

In FY2022, to address the financial needs of Xiamen Rongxin to acquire the Shares from Xiamen Yijiayi and Xiamen Shangzhi Lianyao, our Group granted five short-term loans to Xiamen Rongxin of approximately RMB33.1 million in aggregate, and one short-term loan to Mr. Xu Kaiming of RMB6.5 million. The loans were unsecured and non-trade in nature, bearing interest at rates ranging from 2% to 4.35% per annum, with repayment terms within 1 year. For details of the said share transfer, please refer to the section headed "History, Development and Corporate Structure – Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this prospectus.

All loans and accrued interest had been offset and settled by March 2024, details of which are as follows:

	Borrower	Principal loan amount *(RMB million)*	Interest amount *(RMB million)*	Date of grant	Timing of repayment	Repayment method
1.	Xiamen Rongxin	0.5	0.001	17 August 2022	September 2022	Fully settled by bank transfer
2.	Mr. Xu Kaiming	6.5	0.1	18 August 2022	October 2022	RMB4.3 million by novation[(1)]
					May 2023	RMB2.2 million by bank transfer
3.	Xiamen Rongxin	4.3	0.2	10 October 2022[(1)]	March 2024	Fully settled by share repurchase[(2)]
4.	Xiamen Rongxin	2.0	0.1	23 August 2022	November 2022	RMB0.5 million by bank transfer
					October 2023	RMB1.6 million by bank transfer
					March 2024	RMB80,000 settled by share repurchase[(2)]
5.	Xiamen Rongxin	13.6	0.3	13 October 2022	October 2023	RMB3.5 million by bank transfer
					March 2024	RMB10.5 million settled by share repurchase[(2)]
6.	Xiamen Rongxin	5.3	0.1	24 October 2022	March 2024	Fully settled by share repurchase[(2)]
7.	Xiamen Rongxin	11.7	0.3	27 October 2022	March 2024	RMB11.9 million settled by share repurchase and RMB43,000 by bank transfer[(2)]

Notes:

1. In October 2022, Mr. Xu Kaiming novated approximately RMB4.3 million of the principal loan amount of his loan to Xiamen Rongxin.

2. In March 2024, pursuant to a loan settlement agreement entered into between our Company and Xiamen Rongxin, (i) the amount due from Xiamen Rongxin to our Group of RMB32.5 million was offset by share repurchase and capital reduction, and (ii) the balance of remaining RMB43,000 was settled by bank transfer.

Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. As at the Latest Practicable Date, all loan to related parties have been fully settled or offset. Details of our transactions with related parties during the Track Record Period are set out in note 33 to the Accountant's Report included in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

	FY2022	FY2023	FY2024
Liquidity ratios			
Current ratio[1] *(times)*	1.4	1.5	1.2
Quick ratio[2] *(times)*	0.9	0.9	0.8
Capital adequacy ratios			
Gearing ratio[3] *(%)*	63.2	47.5	55.9
Net debt to equity ratio[4] *(%)*	49.8	39.3	51.2
Interest coverage[5] *(times)*	31.2	21.5	25.2
Profitability ratios			
Return on total assets[6] *(%)*	9.2	7.2	12.3
Return on equity[7] *(%)*	21.4	15.1	25.8
Net profit margin[8] *(%)*	9.5	7.9	11.8

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the relevant year during the Track Record Period.

2. Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as at the end of the relevant year during the Track Record Period.

3. Gearing ratio is calculated based on the total borrowings and lease liabilities divided by the total equity as at the end of the relevant year and multiplied by 100%.

4. Net debt to equity ratio is calculated based on the net debt (all borrowings and lease liabilities net of cash and cash equivalents) divided by the total equity as at the end of the relevant year and multiplied by 100%.

5. Interest coverage is calculated based on the operating profit divided by the net finance cost of the relevant year during the Track Record Period.

6. Return on total assets is calculated based on the profit for the year for each year divided by the total assets as at the end of the relevant year and multiplied by 100%.

7. Return on equity is calculated based on the profit for the year for each year divided by the total equity as at the end of the relevant year and multiplied by 100%.

8. Net profit margin is calculated based on the profit for the year for the relevant year divided by the revenue for the relevant year and multiplied by 100%.

Current Ratio

Our current ratio decreased from 1.5 times as at 31 December 2023 to 1.2 times as at 31 December 2024. Such decrease was primarily due to the decrease in amounts due from related parties as it was predominantly offset by way of reduction of share capital. The current ratio remained relatively stable at 1.4 times, 1.5 times as at 31 December 2022 and 2023, respectively.

Quick Ratio

As at 31 December 2022, 2023 and 2024, our quick ratio was 0.9 times, 0.9 times, and 0.8 times respectively.

Our quick ratio decreased from 0.9 times as at 31 December 2023 to 0.8 times as at 31 December 2024. The decrease in quick ratio was generally in line with the decrease in current ratio. The quick ratio remained relatively stable at 0.9 times and 0.9 times as at 31 December 2022 and 2023, respectively.

Gearing Ratio

As at 31 December 2022, 2023 and 2024 our gearing ratio was 63.2%, 47.5% and 55.9%, respectively.

Our gearing ratio increased from 47.5% as at 31 December 2023 to 55.9% as at 31 December 2024. Such increase was mainly due to the decrease in equity as a result of (i) the dividend distribution of RMB31.5 million and (ii) the offset by the amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction. Our gearing ratio decreased from 63.2% as at 31 December 2022 to 47.5% as at 31 December 2023 mainly due to the decrease in borrowing from RMB110.2 million as at 31 December 2022 to RMB86.8 million as at 31 December 2023, while our total equity remained stable at RMB175.1 million and RMB182.7 million as at 31 December 2022 and 2023, respectively.

Net Debt to Equity Ratio

As at 31 December 2022, 2023 and 2024, our net debt to equity ratio was 49.8%, 39.3% and 51.2%, respectively.

The increase in net debt to equity ratio from 39.3% as at 31 December 2023 to 51.2% as at 31 December 2024 was mainly due to (i) the decrease in equity as explained above and (ii) the decrease in cash and cash equivalents as we used idle cash to purchase wealth management products as part of our treasury management. The decrease in net debt to equity ratio from 49.8% as at 31 December 2022 to 39.3% as at 31 December 2023 was mainly due to the decrease in bank borrowings.

Interest Coverage

For FY2022, FY2023 and FY2024, our interest coverage was 31.2 times, 21.5 times and 25.2 times, respectively.

Our interest coverage increased from 21.5 times for FY2023 to 25.2 times for FY2024, which was primarily due to the increase in operating profit for FY2024. Our interest coverage decreased from 31.2 times for FY2022 to 21.5 times for FY2023 which was principally attributable to the decrease in operating profit and the increase in financial cost for FY2023, respectively, as compared to that of FY2022.

Return on Total Assets

For FY2022, FY2023 and FY2024, our return on total assets was 9.2%, 7.2% and 12.3%, respectively.

Our return on total assets increased from 7.2% for FY2023 to 12.3% for FY2024 because of the increase in net profit for the year. Our return on total assets decreased from 9.2% for FY2022 to 7.2% for FY2023, which was mainly attributable to the decrease in our net profit for FY2023 as compared to FY2022. The decrease in our return of total assets was primarily attributable to the decrease in our net profit as partially offset by the decrease in total assets.

Return on Equity

For FY2022, FY2023 and FY2024, our return on equity was 21.4%, 15.1% and 25.8%, respectively.

Our return on equity increased from 15.1% for FY2023 to 25.8% for FY2024 because of combined effect of (i) the increase in net profit for the year and the decrease in equity as a result of the dividend distribution of RMB31.5 million and (ii) the offset by the amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction. The decrease in our return on equity for FY2023 was primarily due to the decrease in our net profit for FY2023 as compared to that of FY2022. The increase in our return on equity for FY2024 was mainly attributable to the decrease in our total equity.

Net Profit Margin

For FY2022, FY2023 and FY2024, our net profit margin was 9.5%, 7.9% and 11.8% respectively. Our net profit margin increased from 7.9% for FY2023 to 11.8% for FY2024. Such increase was primarily attributable to the increase in (i) our gross profit margin by 3.9 percentage points in FY2024 and (ii) government grants received for FY2024. Our net profit margin decreased from 9.5% for FY2022 to 7.9% for FY2023. Such decrease was mainly due to the decrease in government grants for FY2023 as compared to that of FY2022.

MARKET RISK AND RISK MANAGEMENT

We are exposed to various types of market risks in our ordinary course of business, primarily including currency risk, interest rate risk, credit risk and liquidity risk.

Foreign Currency Risk

We operate internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of our Group. Our Group also sells to customers in various overseas countries, and is exposed to foreign exchange risk, primarily USD.

Our Group manages its foreign exchange risk by closely monitoring the movement of foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Our Group enters into foreign currency forward contracts to mitigate the foreign exchange risk of procurement denominated in USD.

Interest Rate Risk

Our Group's interest-bearing assets included cash and cash equivalents, amounts due from related parties and financial assets at fair value through profit or loss. Management also does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly and the interest on amounts due from related parties are at fixed interest rate.

Our Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose our Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose our Group to fair value interest rate risk. As at 31 December 2022, 2023 and 2024, all of our Group's borrowings were at fixed interest rates. Our Group does not use any financial instrument to hedge our exposure to interest rate risk.

Credit Risk

Our Group's is exposed to credit risk in relation to (i) cash and cash equivalents and restricted cash, (ii) trade receivables and note receivables, and other financial assets at amortised cost including amounts due from related parties and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets. For details of our Group's maximum exposure to credit risk, please refer to note 3 of the Accountant's Report set out in Appendix I of the prospectus.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our Group's liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

DIVIDEND

For FY2022, FY2023 and FY2024, dividends of RMB5.0 million, RMB35.0 million and RMB31.5 million have been paid by our Company to our shareholders.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Since our Company and all our subsidiaries were established in the PRC, the future dividend payments of our Company will depend largely upon the availability of dividends received from our subsidiaries in the PRC, which were subject to the PRC laws. Under the PRC laws, dividends can only be paid out of distributable profit of a PRC company. PRC laws require that dividends be paid only out of the profit for the year calculated according to the PRC GAAP, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require our subsidiaries to set aside at least 10% of its net profit as statutory reserves, which are not available for distribution as cash dividends. Distributable profit is our profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Company has adopted a dividend policy to pay an annual dividend at a ratio of no less than 30% of profit attributable to owners of the Company.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

Peak Vision Appraisal Limited, an independent qualified professional valuer, valued the reference value of our property interests for our New Xiamen Base as at 30 April 2025 at RMB143.9 million. Details of the valuation are summarised in Appendix VI to this prospectus.

The following table sets out the reconciliation between the net book value of our New Xiamen Base as at 31 March 2025 and the property valuation report as set out in Appendix VI to this prospectus as at 30 April 2025:

	RMB'000
Net book value of our New Xiamen Base as at 31 December 2024	120,461
Less: depreciation during the period from 31 December 2024 to 31 March 2025	758
Net book value of our New Xiamen Base as at 31 March 2025	119,703
Add: Net valuation surplus	24,177
Reference value of our New Xiamen Base as at 30 April 2025 as set out in the property valuation report in Appendix VI to this prospectus *(Note 1)*	143,880
Less: Property without commercial value due to the seizure by court and the restrictions on the transferability	
Valuation as at 30 April 2025	– *(Note 2)*

Notes:

1. For the valuation method employed and the special assumption adopted, please refer to Note (v) to Appendix VI to this prospectus.

2. The relevant properties are ascribed as no commercial value by Peak Vision Appraisal Limited due to the restrictions on the transferability. For more details of the valuation of our New Xiamen Base, please refer to the property valuation report as set out in Appendix VI to this prospectus.

OFF BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as at the Latest Practicable Date, we did not have any material off-balance sheet arrangements.

LISTING EXPENSES

Based on the Offer Price of HK$11.00 (being the mid-point of the Offer Price range stated in this prospectus and assuming the Over-allotment Option is not exercised at all), the total Listing expenses (including legal and professional fees, underwriting fees and other relevant expenses) in relation to the Global Offering payable by us are estimated to be RMB49.0 million. For FY2022, FY2023 and FY2024, our Listing expenses charged to our consolidated statement of comprehensive income were nil, RMB8.6 million and RMB8.3 million, respectively. We expect to further recognise Listing expenses of RMB13.8 million to our consolidated statement of comprehensive income subsequent to the Track Record Period and to deduct from equity of RMB18.3 million upon Listing.

The total Listing expenses of RMB49.0 million borne by us include (i) underwriting-related expenses, including underwriting commission of RMB13.1 million; (ii) professional fees, including fees of legal advisers and the Reporting Accountant of RMB20.7 million; and (iii) other fees and expenses of approximately RMB15.2 million.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules as at the Latest Practicable Date.

DISTRIBUTABLE RESERVES

Our Company was established in the PRC on 20 December 2010. As at 31 December 2024, our Company had retained earnings of RMB79.1 million. The retained earnings are reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited pro forma statement of adjusted consolidated net tangible assets, please refer to the section headed "Unaudited Pro Forma Financial Information" as set out in Appendix II to this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model remained unchanged subsequent to the Track Record Period. In January 2025 and February 2025, Rongta (SG) and Rongta (Malaysia) were incorporated as our Company's wholly owned subsidiaries, respectively, to support our overseas expansion in Southeast Asia.

Save as disclosed above, our Directors have confirmed, after due and careful consideration, that as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2024, and there is no event since 31 December 2024 that would materially and adversely affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

FUTURE PLANS

Please refer to "Business – Business Strategies" in this prospectus for a detailed description of our future plans and strategies.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering will be HK$148.3 million, assuming an Offer Price of HK$11.00 per H Share (being the mid-point of the indicative range of the Offer Price of HK$10.00 to HK$12.00 per H Share) without the exercise of the Over-allotment Option.

We currently intend to use the net proceeds from the Global Offering as follows:

- approximately 36.5% of the net proceeds or HK$54.2 million, will be used for R&D activities to expand our product portfolio and enhance our R&D capacity. In particular, we intend to allocate:

  (1) approximately 24.2% of the net proceeds or HK$36.0 million for establishment of a new R&D centre in Wuhan, China within the next two years to conduct more than 20 R&D projects in the next three years to carry out R&D on AIDC devices for integration with advanced technology including cloud-based technology and AI. For details of our R&D projects, please refer to the section headed "Business – R&D" in this Prospectus. In the next two years, we intend to allocate (i) 17.4% of the net proceeds or HK$25.9 million for the acquisition and renovation of premises for establishment of a new R&D centre after the Listing for the expected benefit to secure a dedicated facility to support our R&D projects in the future, enhance infrastructure for our advanced R&D activities, as well as strengthening our presence in a strategic location for talent recruitment; (ii) 2.6% of the net proceeds or HK$3.9 million for the acquisition of R&D software, computers and around 17 types of R&D equipment, including analytical instruments, testing tools and equipment, and power supply equipment for the expected benefit to equip the new R&D centre with essential tools for developing AIDC devices integrated with cloud-based technology and AI and improve efficiency and quality of our R&D processes; and (iii) 4.2% of the net proceeds or HK$6.2 million for other R&D costs, including R&D material costs, certification and testing fees and tooling fees for the expected benefit to facilitate the development and testing of our new products and ensure compliance with industry standard and certification. Our Directors believe that the establishment of a new R&D centre is closely aligned with our Group's principal business activities. Leveraging our Company's past experience in business operation, management and market development, our Directors consider that the new R&D centre will further enhance our capabilities in product development and technical services, profitability and sustainable development; and

(2) approximately 12.3% of the net proceeds or HK$18.2 million for recruiting talents to expand our R&D team within the next two years to carry out new R&D projects and expand our product portfolio. We intend to recruit around 46 R&D and technical staff members in the next two years, including around one R&D director, one R&D manager, four product managers and four project managers as management team members expected to have at least a bachelor's degree and average annual salary of HK$0.4 million to lead around 11 senior engineers and 23 engineers expected to have at least a bachelor's degree and average annual salary of HK$0.2 million.

- approximately 33.4% of the net proceeds or HK$49.5 million, will be used to strengthen our production efficiency and effectiveness. In particular, we intend to allocate:

(1) approximately 17.5% of the net proceeds or HK$25.9 million for renting land, building factory and renovation of our new production centre for our AIDC devices in Malaysia to enhance automation in our production. Among which, HK$9.6 million and HK$7.3 million will be allocated for renting land and building factory, respectively, while the remaining HK$9.0 million will be allocated for renovation and operating expenses of the new production centre. Based on the Company's assessment and assumptions on including but not limited to: (i) the estimated increase in the production efficiency as a result of the expected establishment of ten new production lines in the new production centre; (ii) the estimated selling prices of our products with reference to relevant selling prices during the Track Record Period; (iii) the estimated costs with reference to the existing cost structure of our New Xiamen Base; and (iv) the assumption that there will be no material change in the market, fiscal and economic conditions, our Directors expect that the investment payback period and breakeven period will be approximately 5.2 years and 4.5 years, respectively, inclusive of the period of 18 months for establishment of the new production centre for our AIDC devices in Malaysia. Investment payback period refers to the number of years needed for the accumulated cash inflows from operating the new production centre to equate the total costs paid for establishment of the production centre. Breakeven period is the period required for the new production centre to generate turnover equivalent to its operating costs for the first time;

(2) approximately 8.8% of the net proceeds or HK$13.0 million for partially financing our acquisition of equipment, machinery and ERP software for the new production centre in Malaysia to improve our production efficiency and effectiveness and reduce costs. The following table sets out the details of the major equipment and machinery that we intend to purchase:

Major type of equipment and machinery	**Expected quantity to be purchased**	**Expected total purchase price**
Surface mount technology (SMT) related machines	13	RMB12.6 million
Quality control related machines	9	RMB1.3 million
Production line related utilities	20	RMB0.8 million
Waste gas treatment system	1	RMB0.8 million
Production related machines	4	RMB2.7 million
Packaging related machines	2	RMB1.0 million
Total	**49**	**RMB19.1 million**

(3) approximately 7.1% of the net proceeds or HK$10.6 million, will be used to recruit staff for the captioned purposes. In particular, we intend to recruit around 12 production team leaders with management experience with an annual salary of approximately RMB80,000 per person to oversee daily operation and supervise around 250 production line workers with an expected annual salary of approximately RMB60,000 per person.

- approximately 20.1% of the net proceeds or HK$29.8 million, will be used to expand our sales network and international presence. In particular, we intend to allocate:

(1) approximately 9.8% of the net proceeds or HK$14.5 million, for setting up new subsidiaries or representative offices in the United States, Germany, Singapore and the United Arab Emirates. Such subsidiaries or branch offices will primarily serve as our international sales and marketing centres. In the next three years, we plan to recruit a small team of around three to four staff members for sales and marketing, business support, and technical support in each office. Based on the preliminary feasibility analysis, we believe that the proposed expansion is in line with our strategic objective to strengthen international presence and broaden our global customer base. Taking into account: (i) growth in the global AIDC devices

market; (ii) the market conditions of the relevant locations, including growth in the AIDC devices markets in each of the United States, Germany, Singapore and the United Arab Emirates markets and feedback from customers in internation exhibition and trade fairs; (iii) potential logistics and supply chain integration and synergy to quickly respond to regional demand changes, reduce regional delay and disruption, improve customer service and enhance global brand competitiveness; (iv) strategic regional access to the nearby markets; and (v) estimated budget for operating expenses, our Directors are of the view that the proposed expansion is commercially viable and will support our long term growth and business strategy;

(2) approximately 8.4% of the net proceeds or HK$12.5 million to participate in international exhibitions and trade fairs in the next three years. Specifically, we intend to participate in over 20 premiered international exhibitions and trade fairs, among which (i) 7.4% of the net proceeds or HK$10.9 million will be used for exhibition related costs; and (ii) 1.1% of the net proceeds or HK$1.6 million will be used for transportation and freight costs and miscellaneous expenses. We intend to participate in international exhibitions and trade fairs including but not limited to the Retail's Big Show held by the National Retail Federation (NRF) and the Consumer Electronics Show (CES) held in the United States, Euroshop held in Germany, the Beyond Expo held in Macau, the COMPUTEX TAIPEI held in Taiwan, China, the Hong Kong Electronics Fair (Autumn Edition) held in Hong Kong, the GITEX Global held in Dubai, and the ASEAN Retail Exhibition held in Thailand; and

(3) approximately 1.9% of the net proceeds or HK$2.8 million to fund our advertising activities over the next three years. We intend to engage in paid advertising campaigns on online platforms such as Google and Tiktok and increase our brand promotion through, among others, search advertisements, display advertisements and live showcases of products to increase our brand exposure.

- approximately 10.0% of the net proceeds or HK$14.8 million, for working capital and general corporate purposes.

The table below sets forth the expected implementation timetable of our planned use of proceeds:

	Use of proceeds				
	2025 *(HK$ million)*	**2026** *(HK$ million)*	**2027** *(HK$ million)*	**Total** *(HK$ million)*	**% of net proceeds** *(%)*
R&D activities to expand our product portfolio and enhance our R&D capacity	38.6	15.6	–	54.2	36.5
– Establishing a new R&D centre in Wuhan	29.8	6.2	–	36.0	24.2
– Recruiting talents to expand our R&D team	8.8	9.4	–	18.2	12.3
Strengthen our production efficiency and effectiveness	7.9	25.1	16.5	49.5	33.4
– Renting land, building factory and renovation of our new production centre for our AIDC devices in Malaysia	6.5	7.1	12.3	25.9	17.5
– Acquiring equipment and machinery	1.5	7.4	4.1	13.0	8.8
– Recruiting staff	–	10.6	–	10.6	7.1
Expand our sales network and international presence	5.8	10.3	13.7	29.8	20.1
– Setting up new international offices	2.6	5.1	6.8	14.5	9.8
– Participating in international exhibitions and trade fairs	2.2	4.2	6.1	12.5	8.4
– Advertising activities	0.9	1.0	0.9	2.8	1.9
Working capital and general corporate purposes	14.8	–	–	14.8	10.0
Total	67.1	51.0	30.2	148.3	100.0

In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, the net proceeds allocated to the above purposes will be adjusted on a pro rata basis. Any additional proceeds received from the exercise of the Over-allotment Option will be allocated to the above purposes on a pro rata basis. If the Offer Price is set at HK$12.00 per H Share, which is the high end of our indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$17.1 million. If the Offer Price is set at HK$10.00 per H Share, which is the low end of our indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$17.1 million. Any additional proceeds received from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro rata basis. In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK$176.6 million (after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$11.00 per H Share, being the mid-point of our indicative Offer Price range).

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will deposit the net proceeds into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the disclosure requirements under the Listing Rules where applicable.

UNDERWRITERS FOR THE GLOBAL OFFERING

Hong Kong Underwriters

Yue Xiu Securities Company Limited
(in alphabetical order)
ABCI Securities Company Limited
BOCI Asia Limited
CCB International Capital Limited
CMB International Capital Limited
CMBC Securities Company Limited
Huafu International Securities
Livermore Holdings Limited
Patrons Securities Limited
Zhongtai International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 1,840,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

(a) the Stock Exchange granting the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned in this prospectus and such listing and permission not subsequently being revoked; 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 Overall Coordinator (for itself and on behalf of the Underwriters and the Capital Market Intermediaries)),

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 Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Capital Market Intermediaries), 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 signed and becoming unconditional and not having been terminated.

Grounds of Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Sponsor and/or the Overall Coordinator:

(i) any statement contained in any of this prospectus and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect or misleading or deceptive in any respect; or

(ii) any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(iii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iv) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Underwriters); or

(v) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, the Warranting Directors (as defined in the Hong Kong Underwriting Agreement) (the "**Warranting Directors**") and the Warranting Shareholders (as defined in the Hong Kong Underwriting Agreement) (the "**Warranting Shareholders**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(vi) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group (the "**Group Company**"); or

(vii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations and warranties to be given by our Company, the Warranting Directors and the Warranting Shareholders respectively in terms set out in the Hong Kong Underwriting Agreement; or

(viii) the approval by the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld in writing; or

(ix) our Company withdraws any of the Relevant Documents or the Global Offering; or

(x) any expert whose consent is required 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 (other than the Sole Sponsor) has withdrawn or sought to withdraw its consent to being named in this prospectus; or

(xi) a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or the appointment of a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xii) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors, Supervisors and senior management member of our Group as set out in the "Directors, Supervisors and Senior Management" section of this prospectus; or

(xiii) a portion of the orders in the book-building process, which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), at its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiv) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, in the nature of force majeure and beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, 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, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks or escalation of diseases, pandemics or epidemics (including, without limitation, COVID19, Severe Acute Respiratory Syndrome, swine or avian flu, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Ebola virus, Middle East Respiratory Syndrome, coronavirus or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market 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); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

(iv) any new national, central, federal, provincial, state, regional, municipal, local, domestic or foreign laws (including, without limitation, any common law or case law), statutes, ordinances, legal codes, regulations or rules (including, without limitation, any and all regulations, rules, orders, judgments, decrees, rulings, opinions, guidelines, measures, notices or circulars (in each case, whether formally published or not and to the extent mandatory or, if not complied with, the basis for legal, administrative, regulatory or judicial consequences) any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational (including without limitation the CSRC, the Stock Exchange and the SFC) (the "**Authority**") ("**Laws**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions or export control, in whatever form, on any Group Company or any of the Warranting Shareholders, 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 Specific Jurisdictions; or

(vii) a change or development involving a prospective change or amendment in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the H Shares; or

(viii) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of our Company and the Warranting Shareholders; or

(x) any of the Directors, Supervisors and senior management member of our Company as set out in the "Directors, Supervisors and Senior Management" section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or general manager of our Company vacating his office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Offer Shares to be issued pursuant to the exercise of the Over-allotment Option pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus, any letters, filings, correspondences, communications, documents, responses, undertakings and submissions in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Global Offering pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**CSRC Filing Rules**", together with the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), the "**CSRC Rules**") and other applicable rules and requirements of the CSRC (the "**CSRC Filings**") and the other Relevant Documents or any aspect of the Global Offering with any applicable Laws (including but not limited to the Listing Rules, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the CSRC Rules); or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any of the other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the CSRC, the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) has or will or may to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement) shall otherwise result in an interruption to or delay thereof; or

(d) has or will 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 which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings Pursuant to the Listing Rules

Undertakings by our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued or sold or transferred out of treasury by us or form the subject of any agreement to such an issue or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules and pursuant to Chapter 4.13 of the Guide for New Listing Applicants, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering (including the exercise of the Over-allotment Option), it/he shall not, without the prior written consent of the Stock Exchange or unless permitted under the Listing Rules, at any time in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares that it/he is shown to be the beneficial owner in this prospectus (the "**Relevant Shares**").

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent any member of the Controlling Shareholders from using the Shares beneficially owned by it/him as security (including a charge or pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Relevant Shares beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us and the Stock Exchange in writing of such pledge or charge together with the number of the Shares so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us and the Stock Exchange in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above (if any) by any of the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible after so being informed.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), 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**"), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) offer, allot, issue, sell, accept subscription for, offer to allot, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or create 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 an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of the Company, or any shares or other securities of any other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of any other Group Company, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of any other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of the Company or any shares or other securities of any other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any H Shares or other securities of our Company or any shares or other securities in any other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any 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 other securities of our Company or any shares or other securities of any other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or contract 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 Shares, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has further undertaken that, we will not enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be the single largest group of shareholders of our Company during the period of six months immediately following the expiry of the First Six-Month Period expires (the "**Second Six-Month Period**"). In the event that, during the Second Six-Month Period, our Company or any Group Company enters into any of the transactions specified in (a), (b) or (c) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company will take all reasonable steps to ensure that we will not create a disorderly or false market in any H Shares or other securities of our Company.

Our Company and our Controlling Shareholders have agreed and undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that it will not, and our Company and each of our Controlling Shareholders has further undertaken to procure that our Company will not, effect any purchase of H Shares, or agree to do so, which may reduce the holdings of H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange, on or before the date falling one year after the Listing Date without having first obtained the prior written consent of the Sole Sponsor and Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters).

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally agreed and undertaken to each of our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Overall Coordinator and the (for itself and on behalf of the Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for him and the companies controlled by him (together, the "**Controlled Entities**") shall not:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, legal or beneficial interest in any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by him directly or indirectly through his Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions referred to in sub-paragraphs (a), (b) or (c) is to be settled by delivery of such H Shares or any other securities of our Company or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he will not, and will procure that the Controlled Entities will not, enter into any of the transactions described in (i)(a), (b) or (c) above or offer to, or agree or announce any intention to enter into any such transaction, if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he will, together with the other Controlling Shareholders, cease to be the single largest group of shareholders of the Company;

(iii) in the event that he enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of our Company;

(iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of the Company;

(v) within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Sole Sponsor, the Overall Coordinator and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor, the Overall Coordinator and the Sole Global Coordinator in writing of such indications.

The International Offering

In connection with the International Offering, it is expected that our Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, our Company will offer our International Offer Shares for subscription by certain professional, institutional and other investors at the Offer Price payable in full on subscription, on and subject to the terms and conditions set out in the International Underwriting Agreement. It is expected that the International Underwriters will agree to severally underwrite for our International Offer Shares.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) which will expire on a date which is 30 days from the date of the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to and not more than 2,760,000 additional H Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering.

Commission

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 4.0% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-allotment Option (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to the Underwriters and the Capital Market Intermediaries an additional discretionary fee of up to 1.0% of the Offer Price of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of Fixed Fees and Discretionary Fees payable to all Underwriters and the Capital Market Intermediaries is therefore 80:20. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (and not the Hong Kong Underwriters).

No additional fee will be payable by our Company to the Underwriters and the Capital Market Intermediaries. The Sole Sponsor will, in addition, receive a fee acting as the sponsor to the Listing and will be reimbursed for their expenses.

The underwriting commission, listing fees, the Stock Exchange trading fee, the SFC transaction levy, the AFRC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK$11.00 (being the mid-point of Offer Price range between HK$10.00 per Offer Share and HK$12.00 per Offer Share), are estimated to amount to approximately HK$54.1 million (equivalent to approximately RMB49.0 million) in total (assuming that the Over-allotment Option is not being exercised).

ACTIVITIES OF SYNDICATE MEMBERS

The Underwriters of the Global Offering (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 accounts and for the account of others. In relation to our H Shares, other activities could include acting as agent for buyers and sellers of our H Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our H Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our 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 holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our H Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our H Shares in most cases.

These activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated. It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Hong Kong Underwriters' interests in our Company

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement, the International Underwriting Agreement and Yue Xiu Capital Limited will be appointed as the compliance adviser of our Company with effect from the Listing Date until the dispatch of our audited financial results for the first full financial year after the Listing Date or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other Group company or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other Group company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors as required under Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

The Global Offering comprises:

- the Hong Kong Public Offering of 1,840,000 H Shares (subject to reallocation as mentioned below) in Hong Kong as described below under "Hong Kong Public Offering"; and

- the International Offering of 16,560,000 H Shares (subject to reallocation and the Over-allotment Option as mentioned below).

The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will severally underwrite the International Offer Shares pursuant to the terms of the International Underwriting Agreement. Further details of the underwriting are set out in "Underwriting" in this prospectus.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the 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 is expected to be fixed by the Price Determination Agreement to be entered into between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on Friday, 6 June 2025.

The Offer Price will not be more than HK$12.00 per Offer Share and is expected to be not less than HK$10.00 per Offer Share, unless otherwise announced, as further explained below. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, no 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 or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

If, for any reason, the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to enter into the Price Determination Agreement by the Price Determination Date, the Global Offering will not become unconditional and will not proceed.

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus, at any time 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 no later than Thursday, 5 June 2025, being the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **https://www.rongtatech.cn/** notice of reduction in the number of Offer Shares and/or the indicative Offer Price range. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price together with an update of all financial and other information in connection with such change, and such number of Offer Shares and/or the Offer Price will be final and conclusive. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to a supplemental prospectus or a new prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the 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.

In the absence of any notice being published of a reduction in the number of the Offer Shares being offered under the Global Offering stated in this prospectus, on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, once agreed upon, will under no circumstances be higher than the maximum Offer Price as stated in this prospectus.

In the event of a reduction in the number of the Offer Shares, the Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of the Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters) on the basis as described in "Reallocation and Clawback" in this section.

Announcement of Final Offer Price

An announcement of the final Offer Price, together with indication of the level of interests in the International Offering, the results of application under the Hong Kong Public Offering and the basis and results of allocation of the Hong Kong Offer Shares is expected to be published on Monday, 9 June 2025 on the website of our Company at **https://www.rongtatech.cn/** and the website of the Stock Exchange at **www.hkexnews.hk**.

UNDERWRITING ARRANGEMENTS

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 our Company, the Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in "Underwriting" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$12.00 per Offer Share and is expected to be not less than HK$10.00 per Offer Share, unless otherwise announced no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as set out above. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be lower than the indicative Offer Price as stated in this prospectus.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK$12.00 per Offer Share and 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy. That means a total of HK$6,060.51 is payable for every board lot of 500 H Shares. If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK$12.00 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy attributable to the excess application monies) will be made to successful applicants (subject to application channels), without interest. Please refer to "How to Apply for Hong Kong Offer Shares" in this prospectus for further details.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon:

1. Listing

The Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in our H Shares.

2. Underwriting Agreements

(i) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional, and not being terminated in accordance with the terms thereof; and

(ii) the execution and delivery of the International Underwriting Agreement prior to or on the Price Determination Date.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date.

4. HKSCC arrangement

Our Company having submitted to the HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Stock Exchange.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Global Offering will lapse and the application monies will be returned to the applicants, without interest, on the terms set out in "How to apply for Hong Kong Offer Shares" in this prospectus.

In the meantime, the application monies will be held in one or more separate bank accounts with the receiving bank or other bank(s) in Hong Kong, licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

HONG KONG PUBLIC OFFERING

Our Company is initially offering 1,840,000 Hong Kong Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Hong Kong Public Offering, representing 10% of the total number of Offer Shares initially offered under the Global Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed on or before Price Determination Date. Applicants for the Hong Kong Offer Shares may be required on application (subject to application channels) to pay the maximum Offer Price of HK$12.00 per Share plus 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "Conditions of the Global Offering" above.

Applications

The Hong Kong Public Offering is open to all members of the public in Hong Kong. Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

Allocation

For allocation purposes only, the total number of the Hong Kong Offer Shares will be divided equally into two pools: pool A and pool B (after taking into account any reallocation referred to below, with any odd board lots being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy thereon) or less. The Hong Kong Offer Shares available in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy) and up to the total value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is under-subscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 50% of the Hong Kong Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. When there is over-subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels are reached. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 5,520,000 Offer Shares (in the case of (a)), 7,360,000 Offer Shares (in the case of (b)) and 9,200,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinator and the Sole Global Coordinator deems appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide and paragraph 4.2 of Practice Note 18 of the Listing Rules.

In addition to the reallocation above, the Overall Coordinator reserves its rights to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering. However, according to Chapter 4.14 of the Guide for New Listing Applicants, if (a) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times or (b) when the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed by less than 15 times of the total number of Offer Shares initially available under the Hong Kong Public Offering, then in any of these circumstances, the Overall Coordinator may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules on the following conditions (the "**Allocation Cap**"):

(i) the total number of Offer Shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall be not more than the number of Offer Shares initially allocated to the Hong Kong Public Offering (i.e., 1,840,000 Offer Shares, representing 10.0% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase to 3,680,000 Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering; and

(ii) the final Offer Price must be fixed at the bottom end of the indicative Offer Price range stated in this prospectus (i.e., HK$10.00 per Offer Share).

If the Hong Kong Offer Shares are not fully subscribed and the International Offer Shares are fully subscribed or oversubscribed, the Overall Coordinator may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinator deems appropriate.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe 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.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Company, which is expected to be published on Monday, 9 June 2025.

INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

Our Company is expected to offer initially 16,560,000 International Offer Shares (subject to reallocation and the Over-allotment Option) at the Offer Price under the International Offering. The number of International Offer Shares expected to be initially available for application under the International Offering represents 90% of the total number of Offer Shares being initially offered under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Investors subscribing for the International Offer Shares are also required to pay the maximum Offer Price of HK$12.00 per H Share plus 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy of the Offer Price.

Allocation

It is expected that the International Underwriters, or selling agents nominated by them, on behalf of our Company, will conditionally place the International Offer Shares at the Offer Price with selected professional, institutional and other investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Other investors applying through banks or other institutions who sought the International Offer Shares in the International Offering may also be allocated the International Offer Shares.

Allocation of the International Offer Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire 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 International Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom International Offer Shares are offered will be required to undertake not to apply for H Shares under the Hong Kong Public Offering.

Our Company, our Directors, the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who receive H Shares under the International Offering, and to identify and reject indications of interest in the International Offering from investors who receive H Shares under the Hong Kong Public Offering.

The International Offering is expected to be subject to the conditions as stated in "Conditions of the Global Offering" of this section.

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "Hong Kong Public Offering – Reallocation and Clawback" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unpurchased Offer Shares originally included in the Hong Kong Public Offering at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters).

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant to the International Underwriters, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) the Over-allotment Option at any time from the Listing Date until 30 days after the date of the last day of lodging application under the Hong Kong Public Offering.

Pursuant to the Over-allotment Option, our Company may be required by the Overall Coordinator (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 2,760,000 additional H Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering. The Overall Coordinator (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 2,760,000 H Shares will represent approximately 2.83% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, an announcement will be made by our Company.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. In Hong Kong, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, for itself and on behalf of the Underwriters, may over-allocate Shares or effect transactions with a view to stabilising or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. The number of H Shares that may be over-allocated will be up to, but not more than, an aggregate of 2,760,000 additional H Shares, being the number of our H Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating International Offer Shares and covering such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through a combination of these means or otherwise. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilisation action. Such stabilisation action, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and required to be brought to an end within 30 days after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Stabilising action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Subject to and under the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong), the Stabilising Manager (for itself and on behalf of the Underwriters) may take all or any of the following actions ("**primary stabilising action**") with respect to any H Shares during the stabilisation period, which should end on Saturday, 5 July 2025:

(1) purchase, or agree to purchase, any of our H Shares;

(2) offer or attempt to do anything as described in paragraph (1), for the sole purpose of preventing or minimising any reduction in the market price of our H Shares. The Stabilising Manager (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

   (a) for the purpose of preventing or minimising any reduction in the market price of our H Shares:

      (i) allocate a greater number of H Shares than the number that is initially offered under the Global Offering; or

      (ii) sell or agree to sell H Shares so as to establish a short position in them;

   (b) pursuant to an option or other right to purchase or subscribe for H Shares, purchase or subscribe for or agree to purchase or subscribe for H Shares in order to close out any position established under paragraph (a);

   (c) sell or agree to sell any H Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or

   (d) offer or attempt to do anything as described in paragraphs (a)(ii), (b) or (c).

Investors should be aware:

- that the Stabilising Manager (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in our H Shares;
- that there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by the Stabilising Manager;

- that stabilising action cannot be taken to support the price of our H Shares for longer than the stabilising period which begins on the Listing Date and ends on the earlier of the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering or the commencement of trading of our H Shares on the Stock Exchange, that the stabilising period is expected to expire on Saturday, 5 July 2025, and that after this date, when no further stabilising action may be taken, demand for our H Shares, and therefore its price could fall; and

- that the price of our H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for our H Shares.

In order to effect stabilisation actions, the Stabilising Manager will arrange cover of up to an aggregate of 2,760,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilising actions will be undertaken by the Stabilising Manager and the Over-allotment Option will not be exercised.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Overall Coordinator, or any person acting for them may cover such over-allocation by, among other methods, using Shares purchased by the Overall Coordinator, its affiliates or any person acting for them in the secondary market, exercising the Over-allotment Option in full or in part, by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong), as amended, made under the SFO.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 10 June 2025, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 10 June 2025. Our H Shares will be traded in board lots of 500 H Shares each and the stock code of our H Shares will be 9881.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE SFC CODE OF CONDUCT

Important Notice to CMIs (including private banks)

This notice to capital market intermediaries ("**CMIs**") (including private banks) is a summary of certain obligations the Code of Conduct for Persons Licenced by or Registered with the Securities and Futures Commission (the "**Code**") imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMI may also be acting as the Sole Overall Coordinator for this offering and is subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the Company and provide sufficient information to the Sole Overall Coordinator to enable it to assess whether orders placed by these investors may negatively impact the price discovery process. Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Company, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Offer Shares. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Underwriters accordingly.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Listing Rules and other regulatory requirements or guidance issued by the Stock Exchange from time to time (the "**Stock Exchange Requirements**") (e.g. a connected person of a listed issuer) would be considered as "**Restricted Investors**". Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Offer Shares.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, in each case, subject to the applicable Stock Exchange Requirements (in the case of a Stock Exchange listed issuer) and selling restrictions set out elsewhere in this prospectus.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Offer Shares (except for omnibus orders where underlying investor information should be provided to the Sole Overall Coordinator when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Offer Shares.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Underwriters in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Offer Shares, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private banks who disclose that they are placing their order other than on a "principal" basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that if any of their group companies is a CMI of this offering, placing an order on a "principal" basis may require the Underwriters to apply the "proprietary orders" of the Code to such order and will require the Underwriters to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide the underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the Sole Overall Coordinator; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the Sole Overall Coordinator. By submitting an order and providing such information to the Sole Overall Coordinator, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the Sole Overall Coordinator and/or any other third parties as may be required by the Code, including to the Company, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the book-building process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Underwriters may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Underwriter with such evidence within the timeline requested.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Offer Shares, including certain Underwriters, are CMIs subject to Paragraph 21 of the Code. This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI may also be acting as the Sole Overall Coordinator for this offering and is subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an Association with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Offer Shares and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Stock Exchange Requirements (e.g. a connected person of a listed issuer) would be considered as "Restricted Investors". Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Offer Shares. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Underwriter, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Underwriter or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Underwriter, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Underwriter when placing such order and such orders will be subject to applicable requirements in accordance with the Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Underwriters and/or any other third parties as may be required by the Code, including to the Company, the Sole Overall Coordinator, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the book-building process for this offering. Failure to provide such information may result in that order being rejected.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at https://www.rongtatech.cn/.

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; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing holder or beneficial owner of Shares in our Company and/or any subsidiaries of our Group;
- are a Director, Supervisor or chief executive officer of our Company and/or any of subsidiaries of our Group;.
- a connected person (as defined in the Listing Rules) and/or core connected person (as defined in the Listing Rules) of our Company or will become a connected person (as defined in the Listing Rules) or a core connected person (as defined in the Listing Rules) of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) and/or close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any Offer Shares under the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, 30 May 2025 and end at 12:00 noon on Thursday, 5 June 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 30 May 2025 to 11:30 a.m. on Thursday, 5 June 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, 5 June 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application 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 broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorised 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 authorised 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 authorised 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.

Only one application may be made for the benefit of any person. If you are suspected of making more than one application through the **HK eIPO White Form** service or any other channel, all of your applications are liable to be rejected.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)*(Note 2)* as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. HKID card; or
  ii. National identification document; or
  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)*(Note 2)* as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. Legal Entity Identifier ("**LEI**") registration document; or
  ii. Certificate of incorporation; or
  iii. Business registration certificate; or
  iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in *Note 2* below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4 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 Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of our Board;
   - control more than half of the voting power of our Company; or
   - hold more than half of the issued share capital of our 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 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	:	500 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$12.00 per Offer Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application based on the , in such amount specified by your broker or custodian, as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for. 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 authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian. If you are applying through the **HK eIPO White Form** service you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*
500	6,060.51	6,000	72,726.12	40,000	484,840.80	400,000	4,848,408.00
1,000	12,121.02	7,000	84,847.15	45,000	545,445.90	500,000	6,060,510.00
1,500	18,181.54	8,000	96,968.15	50,000	606,051.00	600,000	7,272,612.00
2,000	24,242.05	9,000	109,089.18	60,000	727,261.20	700,000	8,484,714.00
2,500	30,302.56	10,000	121,210.20	70,000	848,471.40	800,000	9,696,816.00
3,000	36,363.05	15,000	181,815.30	80,000	969,681.60	920,000(1)	11,151,338.40
3,500	42,423.56	20,000	242,420.40	90,000	1,090,891.80		
4,000	48,484.08	25,000	303,025.50	100,000	1,212,102.00		
4,500	54,544.59	30,000	363,630.60	200,000	2,424,204.00		
5,000	60,605.10	35,000	424,235.70	300,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

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 authorise us and/or the 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 the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of H 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 Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "– G. Personal Data – 3. Purposes and 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(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. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the 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 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 our Directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of subsidiaries of our Group 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 our Directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of our Group subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Public Offer Shares through:

Platform		Date/ Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function. The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**	24 hours, from 11:00 p.m. on Monday, 9 June 2025 to 12:00 midnight on Sunday, 15 June 2025 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, 9 June 2025 (Hong Kong time).
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Tuesday, 10 June 2025 to Friday, 13 June 2025 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, 6 June 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, 6 June 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 Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** by no later than 11:00 p.m. on Monday, 9 June 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 Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the 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 H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. 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).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Tuesday, 10 June 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 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**
Despatch/ collection of H Share certificate (Note)		
For application 500,000 of Hong Kong Offer Shares or more	Collection in person at from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	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
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 June 2025 (Hong Kong time)	No action by you is required
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.	

	HK eIPO White Form service	HKSCC EIPO channel
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Monday, 9 June 2025	

Refund mechanism for surplus application monies paid by you

Date	Tuesday, 10 June 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	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

Note: Except in the event of any Severe Weather Signals in force in Hong Kong in the morning on Monday, 9 June 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. Please refer to "– E. Severe 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, 5 June 2025 if, there is occurrence of Severe Weather Signals, i.e.:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- extreme condition(s) caused by a super typhoon as announced by the government of Hong Kong

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 June 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 Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, 9 June 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, 10 June 2025.

If a **Severe** Weather Signal is hoisted on Monday, 9 June 2025, for application of less than 500,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, 9 June 2025 or on Tuesday, 10 June 2025).

If a **Severe** Weather Signal is hoisted on Tuesday, 10 June 2025, for application of 500,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at H Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, 10 June 2025 or on Wednesday, 11 June 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 Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisers 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).

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 cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the 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 our subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial 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 Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RONGTA TECHNOLOGY (XIAMEN) GROUP CO., LTD. (容大合眾(廈門)科技集團股份公司) AND YUE XIU CAPITAL LIMITED

Introduction

We report on the historical financial information of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (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 as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 (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 30 May 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.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022, 2023 and 2024 and the consolidated financial position of the Group as at 31 December 2022, 2023 and 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 37 to the Historical Financial Information which contains information about the dividends paid by Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
30 May 2025

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB") (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 COMPREHENSIVE INCOME

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	5	393,273	348,749	350,062
Cost of sales	6	(303,412)	(263,285)	(250,697)
Gross profit		89,861	85,464	99,365
Selling and marketing expenses	6	(24,789)	(22,531)	(25,013)
General and administrative expenses	6	(25,567)	(31,130)	(30,505)
Research and development expenses	16	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets		6	(165)	173
Other income	8	12,858	10,404	16,883
Other gains/(losses) – net	9	4,374	(2,260)	1,193
Operating profit		43,779	30,999	46,743
Finance income	10	430	818	971
Finance costs	10	(1,831)	(2,263)	(2,829)
Finance costs – net		(1,401)	(1,445)	(1,858)
Profit before income tax		42,378	29,554	44,885
Income tax expense	11	(4,931)	(1,951)	(3,538)
Profit and total comprehensive income for the year, all attributable to owners of the Company		37,447	27,603	41,347
Earnings per share attributable to the owners of the Company				
Basic and diluted earnings per share (in RMB per share)	12	0.47	0.35	0.54

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	13	85,465	84,283	84,444
Right-of-use assets	14	5,108	4,690	4,682
Investment properties	15	41,957	40,955	39,953
Intangible assets	16	12,823	19,761	23,021
Deferred tax assets	31	2,240	2,818	1,520
Other non-current assets	17	1,574	–	2,634
		149,167	152,507	156,254
Current assets				
Inventories	18	90,001	87,187	64,446
Trade and note receivables	19	24,306	60,181	66,166
Prepayments and other receivables	20	15,773	22,068	20,231
Amounts due from related parties	33(c)	39,036	32,492	–
Financial assets at fair value through profit or loss	22	56,542	11,504	22,422
Restricted cash	23	6,787	2,304	–
Cash and cash equivalents	23	23,427	15,141	7,609
		255,872	230,877	180,874
Net current assets		76,014	79,477	35,692
Total assets		405,039	383,384	337,128
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	32,733	80,000	76,333
Reserves	26	88,346	45,149	20,044
Retained earnings		54,024	57,557	63,686
Total equity		175,103	182,706	160,063

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	29	49,977	49,278	31,379
Lease liabilities	14	94	–	65
Deferred tax liabilities	31	7	–	439
		50,078	49,278	31,883
Current liabilities				
Trade payables	27	46,038	68,098	43,811
Accruals and other payables	28	43,108	20,866	23,802
Borrowings	29	60,224	37,483	57,942
Contract liabilities	5	14,945	10,307	7,715
Lease liabilities	14	325	96	126
Financial liabilities at fair value through profit or loss	22	–	2,114	–
Current income tax liabilities		4,218	1,436	786
Provision	30	11,000	11,000	11,000
		179,858	151,400	145,182
Total liabilities		229,936	200,678	177,065
Total equity and liabilities		405,039	383,384	337,128

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	13	85,412	84,248	84,369
Right-of-use assets	14	4,832	4,593	4,682
Investment properties	15	41,957	40,955	39,953
Investment in subsidiaries	39	8,270	8,270	8,270
Intangible assets	16	12,823	19,761	23,021
Deferred tax assets	31	1,672	757	–
Other non-current assets	17	1,572	–	2,634
		156,538	158,584	162,929
Current assets				
Inventories	18	81,155	79,349	61,035
Trade and note receivables	19	41,533	84,482	70,803
Prepayments and other receivables	20	6,165	13,946	12,381
Amounts due from related parties	33(c)	39,036	32,492	–
Financial assets at fair value through profit or loss	22	53,751	11,504	8,451
Cash and cash equivalents	23	19,759	8,164	4,939
		241,399	229,937	157,609
Net current assets		75,478	92,281	43,727
Total assets		397,937	388,521	320,538
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	32,733	80,000	76,333
Reserves	26	87,632	44,435	19,330
Retained earnings		61,674	77,152	79,110
Total equity		182,039	201,587	174,773

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	29	49,977	49,278	31,379
Lease liabilities	14	–	–	65
Deferred tax liabilities	31	–	–	439
		49,977	49,278	31,883
Current liabilities				
Trade payables	27	46,027	68,865	44,290
Accruals and other payables	28	40,756	18,292	20,627
Borrowings	29	60,224	37,483	35,942
Contract liabilities	5	3,552	580	1,111
Lease liabilities	14	144	–	126
Current tax liabilities		4,218	1,436	786
Provision	30	11,000	11,000	11,000
		165,921	137,656	113,882
Total liabilities		215,898	186,934	145,765
Total equity and liabilities		397,937	388,521	320,538

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Equity attributable to owners of the Company			
		Share capital	Reserves	Retained earnings	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022		32,733	76,297	40,468	149,498
Comprehensive income:					
Profit for the year		–	–	37,447	37,447
Total comprehensive income		–	–	37,447	37,447
Transactions with owners:					
Appropriation to statutory reserve	26	–	3,891	(3,891)	–
Share-based compensation	25	–	8,158	–	8,158
Dividends distribution	37	–	–	(20,000)	(20,000)
Total transactions with owners		–	12,049	(23,891)	(11,842)
Balance at 31 December 2022 and 1 January 2023		32,733	88,346	54,024	175,103
Comprehensive income:					
Profit for the year		–	–	27,603	27,603
Total comprehensive income		–	–	27,603	27,603

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		Equity attributable to owners of the Company			
		Share capital	Reserves	Retained earnings	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transactions with owners:					
Appropriation to statutory reserve	26	–	4,070	(4,070)	–
Dividends distribution	37	–	–	(20,000)	(20,000)
Conversion of capital reserves into share capital	24	47,267	(47,267)	–	–
Total transactions with owners		47,267	(43,197)	(24,070)	(20,000)
Balance at 31 December 2023 and 1 January 2024		80,000	45,149	57,557	182,706
Comprehensive income:					
Profit for the year		–	–	41,347	41,347
Total comprehensive income		–	–	41,347	41,347
Transactions with owners:					
Appropriation to statutory reserve	26	–	3,718	(3,718)	–
Dividends distribution	37	–	–	(31,500)	(31,500)
Repurchase of ordinary shares	24	(3,667)	(28,823)	–	(32,490)
Total transactions with owners		(3,667)	(25,105)	(35,218)	(63,990)
Balance at 31 December 2024		76,333	20,044	63,686	160,063

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	32(a)	63,838	29,674	56,151
Interest received		40	164	930
Income tax paid		(3,442)	(5,317)	(2,451)
Net cash generated from operating activities		60,436	24,521	54,630
Cash flows from investing activities				
Purchase of property, plant and equipment		(37,952)	(14,894)	(8,114)
Purchase of intangible assets		(7,746)	(10,834)	(8,503)
Purchase of financial assets at fair value through profit or loss	22	(564,752)	(311,120)	(270,945)
Proceeds from disposals of financial assets at fair value through profit or loss	22	556,453	354,719	257,075
Payments for deposits for foreign currency forward contracts	23	(12,526)	(2,054)	(392)
Proceeds from deposits for foreign currency forward contracts	23	5,739	6,537	2,696
(Loans to)/collection from related parties	33(b)	(38,640)	7,219	43
Proceeds from disposals of property, plant and equipment	32(b)	126	9	7
Net cash (used in)/generated from investing activities		(99,298)	29,582	(28,133)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Proceeds from borrowings	32(d)	69,099	42,354	86,580
Repayment of borrowings		(16,615)	(65,432)	(84,020)
Payment of interests on bank borrowings	32(d)	(1,977)	(2,622)	(2,813)
Principal elements of lease payments	32(d)	(611)	(326)	(253)
Dividends paid to the Company's shareholders	37	(5,000)	(35,000)	(31,500)
Listing expenses		–	(1,719)	(2,291)
Net cash generated from/(used in) financing activities		44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents		6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year		15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents		1,398	356	268
Cash and cash equivalents at end of year	23	23,427	15,141	7,609

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company") was incorporated as a limited liability company in Xiamen city, Fujian province of the People's Republic of China (the "PRC") on 20 December 2010. The address of its registered office and headquarters of the Company is No 88 South Tonghui Road, Xiamen, Fujian Province, the PRC.

On 28 October 2019, the Company completed the conversion from a limited liability company into a joint stock company with limited liability in the PRC and changed its name from Xiamen Rongda Hezhong Electronic Technology Co., Ltd. (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司). The directors of the Company regard Xiamen Rongxin Investment Co., Ltd. ("Xiamen Rongxin"), which is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe, as the ultimate holding company, and Mr. Xu Kaiming as the ultimate controlling shareholder, of the Company.

The Company and its subsidiaries (together, the "Group") are principally engaged in manufacturing and selling of Automatic Identification and Data Capture (AIDC) devices including speciality printers, scales, point of sale ("POS") terminals and personal digital assistants ("PDAs") equipment and provision of related solutions (the "Listing Business") in the PRC.

The financial statements are presented in Renminbi ("RMB") unless otherwise stated.

2 BASIS OF PREPARATION

2.1 (i) Compliance with International Financial Reporting Standards

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(ii) Accounting policies

The accounting policies applied in the preparation of the Historical financial information have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 40 to this Historical Financial Information.

2.2 Historical cost convention

The Historical Financial Information have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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.

2.3 Accounting policies

(a) New standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group and consistently applied throughout the Track Record Period.

(b) New and amended standards and interpretations not yet effective and not been early adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the financial years during the Track Record Period and have not been early adopted by the Group. These new standards and interpretations are:

Standards and interpretations		**Effective for annual periods beginning on or after**
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except as described below.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk including currency risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group primarily conducts its operations in the PRC with majority of activities settled in RMB. The Group also sells to customers in various overseas countries, and is exposed to foreign exchange risk, primarily the US dollar.

The Group manages its foreign exchange risk by closely monitoring the movement of foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group enters into foreign currency forward contracts to mitigate the foreign exchange risk arising form sales receivables denominated in USD (Note 3.3).

The Group's exposure to foreign currency risk at the end of the reporting period during the Track Record Period, expressed in RMB, was as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Assets denominated in USD:			
Trade receivables	11,988	15,666	21,530
Cash and cash equivalents	2,259	5,195	688
	14,247	20,861	22,218
Contracted amount of foreign currency forward contracts	49,449	64,447	–

The aggregate net foreign exchange gains recognised in profit or loss during the Track Record Period were:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange gains included in other gains	3,331	947	2,133

The sensitivity analysis is set out below. As shown in the table above, the Group is primarily exposed to changes in RMB/USD exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from USD denominated trade receivables, cash and cash equivalents and foreign currency forward contracts. Below is the impact to the Group's pre-tax profit during the Track Record Period had USD strengthened/weakened by 10% against RMB with all other variables held constant:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Impact to post-tax profit, increase/(decrease):			
USD/RMB exchange rate – increase 10%	6,372	8,534	2,222
USD/RMB exchange rate – decrease 10%	(6,372)	(8,534)	(2,222)

(ii) Cash flow and fair value interest rate risk

The Group's interest bearing assets included cash and cash equivalents, restricted cash (Note 23) and financial assets at fair value through profit or loss (FVPL) (Note 22) and amounts due from related parties (Note 33(c)). Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly and the interest on amounts due from related parties are at fixed interest rate.

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2022, 2023 and 2024, all of the Group's borrowings were at fixed interest rates. The Group does not use any financial instrument to hedge its exposure to interest rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to (i) cash and cash equivalents and restricted cash, (ii) trade receivables and notes receivables, and (iii) other financial assets at amortised cost including amounts due from related parties and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. These assessment of credit loss of these three types of financial assets are subject to the expected credit loss model.

(i) Credit risk of cash and cash equivalents and restricted cash

To manage credit risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because the counterparties have strong capacity to meet their contractual cash flow obligations in the near term. The expected credit loss is close to zero.

(ii) Credit risk of trade and notes receivables

To manage credit risk arising from trade and notes receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and notes receivables have been grouped based on shared credit risk characteristics and ageing to measure the expected credit losses. Trade and note receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and notes receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group is engaged in manufacturing and selling of speciality printers, scales, POS terminals and PDAs equipment and provision of related solutions. The credit terms grant to sales to customers in the PRC are generally within 30 to 120 days from the invoice date.

Notes receivables are received for sales to customers in the PRC and most of the notes receivables of the Group are bank acceptance notes that with good credit rating. Therefore, the credit risk of notes receivables is regarded as minimal.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

The Group calculates the expected loss rates of trade receivables based on the probability of default and the loss given default with reference to payment profiles of sales over a period of 24 months before the balance sheet date and the corresponding historical credit losses experienced within the reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

When considering forward-looking information, the Group takes different economic scenarios into consideration. The Group sells to customers in the PRC and overseas countries worldwise. The Group has identified the Gross Domestic Product ("GDP"), Consumer Price Index ("CPI") and Producer Price Index ("PPI") of the PRC that majority of the Group's customers are located to be the most relevant factors to determine the forward-looking information, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and would recognised impairment losses.

The expected credit loss allowance of trade and note receivables as at 31 December 2022, 2023 and 2024 based on due dates are determined as follows:

	Current	Within 6 months	Between 6 and 12 months	Over 1 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Gross carrying amount of trade and note receivables	18,328	5,482	854	136	24,800
Expected loss rate	0.02%	2.94%	32.08%	40.44%	1.99%
Total loss allowance	(4)	(161)	(274)	(55)	(494)
As at 31 December 2023					
Gross carrying amount of trade and note receivables	46,000	13,769	420	652	60,841
Expected loss rate	0.01%	1.40%	42.14%	43.87%	1.08%
Total loss allowance	(4)	(193)	(177)	(286)	(660)
As at 31 December 2024					
Gross carrying amount of trade and note receivables	57,590	7,545	1,306	137	66,578
Expected loss rate	0.02%	0.68%	20.83%	56.20%	0.62%
Total loss allowance	(12)	(51)	(272)	(77)	(412)

Movements on the Group's allowance of impairment for trade receivables are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January	551	494	660
(Decrease)/increase in loss allowance	(6)	165	(181)
Write-off in loss allowance	(51)	1	(67)
Balance as at 31 December	494	660	412

(iii) Other financial assets at amortised cost

To manage credit risk arising from other financial assets at amortised cost, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

The Group's other financial assets at amortised cost included other receivables (Note 20) and amounts due from related parties (Note 33(c)). The amounts due from related parties were amounts due from Mr. Xu Kaiming, the ultimate controlling shareholder of the Company, and a company owned by him. The credit loss is expected to be zero. The amounts due from related parties had been fully offset against payables to the ultimate controlling shareholder in March 2024 (Note 33(c)).

For other receivables, to assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with that as at the date of initial recognition. The probability of default upon initial recognition of an asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period is assessed with reference to the below factors:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counter parties' ability to meet its obligation;
- actual or expected significant changes in the operating results of the counter parties;
- significant changes in the expected performance and behaviour of the counter parties, including changes in the payment status of the counter parties.

As at 31 December 2022, 2023 and 2024, management assessed the credit risk of other receivables and provided for a loss allowance for expected credit loss of RMB85,000, RMB84,000 and RMB92,000, respectively, under the 12 months expected losses method.

Movements on the Group's allowance for impairment loss of other receivables are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January	34	85	84
Increase/(decrease) in loss allowance	51	(1)	8
Balance as at 31 December	85	84	92

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Trade payables *(Note 27)*	46,038	–	–	–	46,038
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	32,796	–	–	–	32,796
Borrowings *(Note 29)*	60,224	7,139	21,419	21,419	110,201
Interest on borrowings	2,584	1,383	946	302	5,215
Lease liabilities *(Note 14)*	327	96	–	–	423
	141,969	8,618	22,365	21,721	194,673
As at 31 December 2023					
Trade payables *(Note 27)*	68,098	–	–	–	68,098
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	6,736	–	–	–	6,736
Borrowings *(Note 29)*	37,483	27,859	21,419	–	86,761
Interest on borrowings	1,970	759	201	–	2,930
Lease liabilities *(Note 14)*	96	–	–	–	96
	114,383	28,618	21,620	–	164,621
As at 31 December 2024					
Trade payables *(Note 27)*	43,811	–	–	–	43,811
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	7,254	–	–	–	7,254
Borrowings *(Note 29)*	57,942	31,379	–	–	89,321
Interest on borrowings	1,704	230	–	–	1,934
Lease liabilities *(Note 14)*	131	66	–	–	197
	110,842	31,675	–	–	142,517

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalent and restricted cash.

The net debt to equity ratios during the Track Record Period were as follow:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings *(Note 29)*	110,201	86,761	89,321
Lease liabilities *(Note 14)*	419	96	191
Less: Cash and cash equivalent and restricted cash *(Note 23)*	(30,214)	(17,445)	(7,609)
Net debt	80,406	69,412	81,903
Total equity	175,103	182,706	160,063
Net debt to equity ratio	46%	38%	51%

The increase and decrease in gearing ratio from 31 December 2022 to 31 December 2024 were resulted from the increase and decrease in borrowings and equity.

3.3 Fair value estimation

(a) Fair value measurements by level of the following fair value measurement hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Historical Financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's assets that were measured at fair value as at 31 December 2022, 2023 and 2024:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Level 3			
Assets:			
Financial assets at FVPL			
– Wealth management products	55,031	11,504	22,422
– Foreign currency forward contracts	1,511	–	–
	56,542	11,504	22,422
Liabilities:			
Financial liabilities at FVPL			
– Foreign currency forward contracts	–	(2,114)	–

The Group's financial assets at FVPL as at 31 December 2022, 2023 and 2024 were wealth management products acquired from banks.

The carrying values of the Group's financial assets and financial liabilities at amortised cost (Note 19, 20, 27 and 28), approximated their fair value as at 31 December 2022, 2023 and 2024 due to their short term maturities.

(b) Valuation techniques used to determine fair values

The fair values of wealth management products were estimated by using a discounted cash flow approach using the expected return based on management judgement and estimates.

The fair value of foreign currency forward contracts in Level 3 financial liabilities at FVPL was estimated by using quoted price provided by banks.

There were no changes in valuation techniques during the Track Record Period.

The following table summarises the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

	Fair values As at 31 December			Unobservable inputs	Range of inputs As at 31 December			Relationships of unobservable inputs to fair values
	2022	2023	2024		2022	2023	2024	
	RMB'000	*RMB'000*	*RMB'000*		*%*	*%*	*%*	
Financial assets at FVPL								
– Wealth management products	55,031	11,504	22,422	Expected rate of return	1.75–2.14	2.61–2.93	2.23–2.67	The higher the expected rate of return, the higher the fair value

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to price risk of FVPL at the end of each reporting period. If prices of the respective instruments held by the Group had been 10% higher/lower as at 31 December 2022, 2023 and 2024 with all other variable held constant, the Group's pre-tax profit would have been approximately RMB4,726,000, RMB5,654,000 and RMB4,885,000 higher/lower as a result of gains/losses on financial instruments classified as FVPL.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. 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 addressed below.

(a) Estimated useful lives and residual values of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and investment properties. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment properties of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values. Periodic reviews could result in a change in useful lives and residual values and therefore, changes in depreciation expenses in the future periods.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Provision for impairment of inventories

The Group's management reviews the condition of inventories at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the future sales projection, latest market prices and current market conditions. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(d) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk default and the expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of comprehensive income. Details of the assessment of loss allowance for trade receivables during the Track Record Period are disclosed in Note 3.1(b) and the carrying amounts of the Group's trade receivables are disclosed in Note 19.

(e) Income taxes

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences, impairment loss and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will affect the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed. Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

(f) Estimation of provision for potential litigation claim

The Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when the Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of inhouse or external legal counsels.

(g) Capitalisation and expensing of internal development expenditures

The Group capitalises expenditures incurred on projects relating to development of products as intangible assets when the recognition criteria are met. Significant judgement is involved in assessing whether the criteria set out in the accounting standards required for capitalisation of such expenditures have been met, including the technical feasibility, the likelihood of future economic benefits to the Group, and whether the expenditures attributing to the assets during development can be reliably measured. Notwithstanding that the Group has used all available information to make this estimation and judgement, inherent uncertainty exists and the capitalised expenditures may have to be expensed if there are significant changes from previous estimates.

5 REVENUE AND SEGMENTS INFORMATION

(a) Description of segments and principal activities

During the Track Record Period, the Group is principally engaged in manufacturing and selling of speciality printers, scales, POS terminals and PDA equipment and provision of related solutions in the PRC.

The chief operating decision-maker of the Company has been identified as the chairman and executive directors of the Company. The decision-maker reviews the operating results of the business as one operating segment to make strategic decisions and decisions about resources to be allocated. Revenue and profit before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

All of the Group's business and operations are conducted in the PRC with sales made to customers in the PRC and overseas countries. The Group's non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

(b) Breakdown of revenue

The breakdown of revenue by product and services and timing of revenue recognition are set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Printing equipment	304,408	261,082	243,373
Scales	35,761	47,250	53,087
POS terminals and PDA	23,583	16,497	33,564
Accessories and other purchased products	25,591	15,333	17,849
Others	3,930	8,587	2,189
	393,273	348,749	350,062
Timing of revenue recognition:			
Point in time	393,273	348,749	350,062

The breakdown of revenue by regions based on the location of the customers is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
The PRC	214,756	190,054	185,272
Overseas countries	178,517	158,695	164,790
	393,273	348,749	350,062

(c) Information about major customers

For the Track Record Period, revenue derived from customers who individually accounted for more than 10% of the Group's total revenue is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
Customer 1	22.88%	17.95%	11.78%

(d) Contract liabilities

The Group

The Group recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	14,945	10,307	7,715

The contract liabilities of the Group recognised are related to the non-refundable advance payments from customers of the Group. A contract liability is the Group's obligation to a customer for which the Group has received consideration from the customer. A contract liability is recognised when the customer pays consideration but before the Group delivers goods to the customer.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the period, recognised in each reporting period during the Track Record Period related to carried-forward contract liabilities:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	22,063	14,945	10,307

The Company

The Company recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	3,552	580	1,111

(e) Unsatisfied performance obligations

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

(f) Revenue recognition accounting policies

(i) Sales of products

Revenue from sales of printers, scales, POS terminals and PDA equipment, accessories and purchased products is recognised when control of the products has been transferred to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products according to contract or terms of sales. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of products is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term.

The Group provides distributors with sales rebate, and the relevant revenue is recognised based on contract consideration net of the rebate amount estimated.

A receivable is recognised when the control of products is transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The periods and terms of product quality warranty are provided in according with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

(ii) Others

Others mainly include development and certification services and others. These services are usually completed within a short period of time, the revenue generated from the services mentioned above is recognised upon completion of the services.

(iii) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

6 EXPENSES BY NATURE

The detailed analysis of expenses by nature of cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses is as follow:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables used	249,595	207,481	202,118
Changes in inventories of finished goods and work in progress	1,702	10,288	11,029
Employee benefit expenses *(Note 7)*	80,139	69,559	76,886
Consulting and professional fee	5,422	6,112	3,651
Depreciation of property, plant and equipment *(Note 13)*	3,592	3,892	4,258
Depreciation of right-of-use assets *(Note 14)*	717	418	375
Amortisation of intangible assets *(Note 16)*	2,336	3,896	5,243
Advertising and other marketing expenses	4,208	5,542	6,660
Outsourcing cost	4,099	1,658	1,207
Other taxes and levies	2,568	3,502	3,636
Short-term lease rental expenses	1,083	72	53
Provision for/(reversal of) impairment of inventories	5,534	925	(3,296)
Auditor's remuneration	12	–	–
Listing expenses	–	8,605	8,293
Other expenses	13,471	14,507	9,911
Total expenses incurred	374,478	336,457	330,024
Less: development expenditures capitalised in intangible assets *(Note 16)*	(7,746)	(10,728)	(8,456)
Total expenses charged to profit or loss	366,732	325,729	321,568

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	61,935	59,336	63,357
Pension costs – defined contribution plans *(b)*	3,552	3,648	4,417
Housing funds, medical insurances and other social insurances *(c)*	2,775	3,851	3,855
Other employment benefits	3,719	2,724	5,257
Share-based compensation *(Note 25)*	8,158	–	–
Total staff compensation expense	80,139	69,559	76,886

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Pension obligations

The Group participates in defined contribution pension plans organised by the governments in the PRC. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical 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 in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 2023 and 2024 included 4, 3 and 3 directors and supervisors, respectively, whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining 1, 2 and 2 highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	288	1,098	465
Pension costs – defined contribution plans	38	74	16
Housing fund, medical insurance and other social benefits	39	68	83
Share-based compensation	66	–	–
	431	1,240	564

The number of highest paid non-director individuals whose remuneration for the Track Record Period fell within the following bands are as follows:

	Year ended 31 December		
	2022	2023	2024
Salary band			
Within HKD1,000,000	1	2	2

8 OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(a)*	11,224	6,681	13,485
Rental income	2,474	5,345	5,223
Rental cost	(840)	(1,622)	(1,825)
	12,858	10,404	16,883

(a) Government grants recognised during the years ended 31 December 2022, 2023 and 2024 were mainly incentives and subsidies received from government authorities by the Group's subsidiaries for the subsidiaries' contributions to the local employment market, improvement in production efficiency and others.

9 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain – net	3,331	947	2,133
Gain from changes in fair values of wealth management products	476	347	469
Gain/(loss) from changes in fair values of foreign currency forward contracts	511	(3,900)	(1,307)
Net loss on disposals of property, plant and equipment	(98)	–	(84)
Others	154	346	(18)
	4,374	(2,260)	1,193

10 FINANCE INCOME AND COSTS – NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
– Interest income on bank deposits	34	143	930
– Interest income on amounts due from related parties *(Note 33(b))*	396	675	41
	430	818	971
Finance costs			
– Interest expenses on bank borrowings	(2,033)	(2,259)	(2,813)
– Interest expenses on lease liabilities	(25)	(4)	(16)
	(2,058)	(2,263)	(2,829)
Amounts capitalised in qualifying assets of construction in progress	227	–	–
	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)

11 INCOME TAX EXPENSE

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current income tax expense			
– PRC income tax	4,584	2,536	1,801
Deferred income tax (credit)/expense *(Note 31)*	347	(585)	1,737
	4,931	1,951	3,538

The Group's principal applicable income tax and tax rates are as follows:

PRC corporate income tax ("CIT")

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The CIT rate of the Company in the PRC is 15% and the CIT rate of its subsidiaries in the PRC is 20% during the Track Record Period.

In 2020, the Company was granted the status of High-technology Enterprise by the local tax bureau in Xiamen, and has been entitled to high-technology enterprises' favourable income tax rate of 15% since then. The validity of the qualification was 3 years. The Company maintained the qualification through renewal in 2023 which will be in effect for years 2024 to 2026. Therefore, the Company's applicable tax rate during the Track Record Period was 15%.

The subsidiaries of the Company in the PRC are all qualified as "Small and Low-profit Enterprise ("SLE")" and are entitled to preferential income tax treatment during the Track Record Period. Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE company's annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profit of the Group as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	42,378	29,554	44,885
Tax calculated at the applicable statutory tax rate of 25%	10,594	7,388	11,221
Adjustment for tax effect of:			
– Preferential income tax rate impact	(4,109)	(2,480)	(4,458)
– Preferential additional deduction for research and development expenditure	(2,906)	(3,021)	(3,066)
– Expense not deductible for income tax purposes	1,289	27	39
– Unutilised tax losses and temporary difference for which no deferred tax asset has been recognised	63	37	76
– Adjustments for current income tax of prior periods	–	–	(274)
Income tax expense	4,931	1,951	3,538

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2022	**2023**	**2024**
Profit attributable to owners of the Company *(RMB'000)*	37,447	27,603	41,347
Weighted average number of ordinary shares in issue *(thousand)*	80,000	80,000	77,250
Basic and diluted earnings per share *(RMB)*	0.47	0.35	0.54

Upon approval at the meeting of the Board of Directors held on 15 June 2023, the Company increased its registered capital by RMB47,267,200 by way of conversion of the capital reserve of the Company for the same amount. After the conversion, the Company's issued share capital was adjusted to RMB80,000,000, and the total number of shares reached 80,000,000. The conversion of capital reserve to issued share capital is taken to be effective from 1 January 2022 for the purpose of calculating earnings per share.

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022						
Opening net book amount	–	3,905	348	202	92,146	96,601
Additions	–	1,387	1,174	113	29,390	32,064
Transferred from construction in progress	80,928	699	525	–	(82,152)	–
Disposals	–	(185)	(38)	(1)	–	(224)
Transferred to investment properties *(Note 15)*	–	–	–	–	(39,384)	(39,384)
Depreciation charge *(Note 6)*	(1,259)	(1,927)	(339)	(67)	–	(3,592)
Closing net book amount	79,669	3,879	1,670	247	–	85,465
At 31 December 2022						
Cost	80,928	19,815	3,186	1,181	–	105,110
Accumulated depreciation	(1,259)	(15,936)	(1,516)	(934)	–	(19,645)
Net book amount	79,669	3,879	1,670	247	–	85,465

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Opening net book amount	79,669	3,879	1,670	247	–	85,465
Additions	215	1,975	174	355	–	2,719
Disposals	–	(6)	(3)	–	–	(9)
Depreciation charge *(Note 6)*	(1,927)	(1,368)	(450)	(147)	–	(3,892)
Closing net book amount	77,957	4,480	1,391	455	–	84,283
At 31 December 2023						
Cost	81,144	21,286	3,320	1,536	–	107,286
Accumulated depreciation	(3,187)	(16,806)	(1,929)	(1,081)	–	(23,003)
Net book amount	77,957	4,480	1,391	455	–	84,283
Year ended 31 December 2024						
Opening net book amount	77,957	4,480	1,391	455	–	84,283
Additions	–	3,946	491	–	73	4,510
Disposals	–	(89)	(2)	–	–	(91)
Depreciation charge *(Note 6)*	(1,932)	(1,620)	(542)	(150)	(14)	(4,258)
Closing net book amount	76,025	6,717	1,338	305	59	84,444
At 31 December 2024						
Cost	81,144	25,274	3,717	1,536	73	111,744
Accumulated depreciation	(5,119)	(18,557)	(2,379)	(1,231)	(14)	(27,300)
Net book amount	76,025	6,717	1,338	305	59	84,444

(a) The Group's depreciation of property, plant and equipment was charged to the following financial statement line items in the consolidated statements of comprehensive income during the Track Record Period:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	2,215	1,899	2,203
General and administrative expenses	1,011	1,426	1,510
Selling and marketing expenses	124	164	175
Research and development expenses	242	403	370
	3,592	3,892	4,258

(b) The construction in progress during the year ended 31 December 2022 represented the construction of the Group's headquarters at No. 88 Tonghui Road, Xiamen, Fujian Province of the PRC. There are three blocks of buildings of which one block is used as the Group's office and research and development centre, one block is used as the Group's production factory and warehouse and certain area of it is leased out, and the remaining block is fully leased out. The leased out block and areas are accounted for as investment properties (Note 15) of the Group. The construction of the buildings was completed in year 2022 and the construction in progress was transferred to buildings under property, plant and equipment and investment properties accordingly.

(c) Assets pledged

As at 31 December 2022, 2023 and 2024, the buildings of the Group were pledged to secure certain bank borrowings of the Group (Note 29).

(d) Accounting policies of property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives as follows:

Buildings	40 years
Machinery and equipment	3–10 years
Office furniture and fixtures	3–5 years
Vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4(b)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss (Note 9).

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for intended use.

The Company

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022						
Opening net book amount	–	3,905	303	202	92,146	96,556
Additions	–	1,387	1,147	113	29,390	32,037
Transferred from construction in progress	80,928	699	525	–	(82,152)	–
Disposals	–	(185)	(37)	(1)	–	(223)
Transferred to investment properties *(Note 15)*	–	–	–	–	(39,384)	(39,384)
Depreciation charge	(1,259)	(1,927)	(321)	(67)	–	(3,574)
Closing net book amount	79,669	3,879	1,617	247	–	85,412
At 31 December 2022						
Cost	80,928	19,815	3,032	1,181	–	104,956
Accumulated depreciation	(1,259)	(15,936)	(1,415)	(934)	–	(19,544)
Net book amount	79,669	3,879	1,617	247	–	85,412
Year ended 31 December 2023						
Opening net book amount	79,669	3,879	1,616	247	–	85,411
Additions	216	1,975	173	355	–	2,719
Disposals	–	(6)	(2)	–	–	(8)
Depreciation charge	(1,928)	(1,368)	(431)	(147)	–	(3,874)
Closing net book amount	77,957	4,480	1,356	455	–	84,248
At 31 December 2023						
Cost	81,144	21,285	3,166	1,536	–	107,131
Accumulated depreciation	(3,187)	(16,805)	(1,810)	(1,081)	–	(22,883)
Net book amount	77,957	4,480	1,356	455	–	84,248

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Opening net book amount	77,957	4,480	1,356	455	–	84,248
Additions	–	3,946	434	–	73	4,453
Disposals	–	(89)	(1)	–	–	(90)
Depreciation charge	(1,933)	(1,620)	(526)	(150)	(14)	(4,242)
Closing net book amount	76,024	6,717	1,263	305	59	84,369
At 31 December 2024						
Reclassification						
Cost	81,144	25,274	3,511	1,536	73	111,538
Accumulated depreciation	(5,120)	(18,557)	(2,248)	(1,231)	(14)	(27,169)
Net book amount	76,024	6,717	1,263	305	59	84,369

As at 31 December 2022, 2023 and 2024, the Company's buildings were pledged to secure certain bank borrowings of the Company (Note 29).

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group

(a) Amounts recognised in the consolidated statements of financial position

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Land use rights	4,679	4,581	4,483
– Leased properties	429	109	199
Total right-of-use assets	5,108	4,690	4,682
Lease liabilities			
– Current	325	96	126
– Non-current	94	–	65
Total lease liabilities	419	96	191

Movements in right-of-use assets in the Track Record Period are analysed as follows:

	Land use rights	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	8,043	592	8,635
Additions	–	439	439
Transferred to investment properties *(Note 15)*	(3,249)	–	(3,249)
Depreciation charge *(Note 6)*	(115)	(602)	(717)
Closing net book amount	4,679	429	5,108
Year ended 31 December 2023			
Opening net book amount	4,679	429	5,108
Depreciation charge *(Note 6)*	(98)	(320)	(418)
Closing net book amount	4,581	109	4,690
Year ended 31 December 2024			
Opening net book amount	4,581	109	4,690
Additions	–	851	851
Termination	–	(484)	(484)
Depreciation charge *(Note 6)*	(98)	(277)	(375)
Closing net book amount	4,483	199	4,682

The Company

		As at 31 December	
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Land use rights	4,679	4,581	4,483
– Buildings	153	12	199
Total right-of-use assets	4,832	4,593	4,682
Lease liabilities			
– Current	144	–	126
– Non-current	–	–	65
Total lease liabilities	144	–	191

Movements in right-of-use assets during the Track Record Period are analysed as follows:

	Land use rights	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	8,043	–	8,043
Additions	–	282	282
Transferred to investment properties	(3,249)	–	(3,249)
Depreciation charge	(115)	(129)	(244)
Closing net book amount	4,679	153	4,832
Year ended 31 December 2023			
Opening net book amount	4,679	153	4,832
Depreciation charge	(98)	(141)	(239)
Closing net book amount	4,581	12	4,593
Year ended 31 December 2024			
Opening net book amount	4,581	12	4,593
Additions	–	492	492
Disposals	–	(183)	(183)
Depreciation charge	(98)	(122)	(220)
Closing net book amount	4,483	199	4,682

(a) The Group's leasing activities

Land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group's land use rights refer to the land on which the Group's headquarters at No. 88 Tonghui Road, Xiamen, Fujian Province of the PRC is situated. The land use rights have a lease period of 50 years. The premiums paid for such rights are recorded as right-of-use assets, and are amortised over the lease periods of 50 years using the straight-line method.

Lease of properties

The Group leases office premises for its research and development function in Wuhan as lessee. Rental contracts of properties are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Details of the accounting policies on leases are set out in Note 40.6.

(b) Asset pledged

As at 31 December 2022, 2023 and 2024, the Group's land use rights included in right-of-use assets with carrying amount of RMB4,679,000, RMB4,581,000 and RMB4,483,000, respectively, were pledged to secure certain bank borrowings of the Group (Note 29).

In addition, due to a litigation case where the Group was the defendant, the Group's land use rights were seized for three years starting from 11 February 2022.

15 INVESTMENT PROPERTIES

The Group and the Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	–	41,957	40,955
Transfer from construction in progress *(Note 13)* and right-of-use assets *(Note 14)*	42,633	–	–
Depreciation *(Note 6)*	(676)	(1,002)	(1,002)
At 31 December	41,957	40,955	39,953
Cost as at 31 December	42,633	42,633	42,633
Accumulated depreciation	(676)	(1,678)	(2,680)
At 31 December	41,957	40,955	39,953

(a) The investment properties consist one block of building and certain floor area of another building at the Group's headquarters that are held for leasing. The construction of the buildings was completed in 2022 and the relevant costs were transferred from land use right under right-of-use assets and construction in progress under property, plant and equipment to investment properties accordingly.

(b) The Group has engaged an independent professional valuer to determine the fair value of the investment properties. The valuation of the investment properties as at 31 December 2024 was RMB50,297,000. The directors of the Company have assessed and estimated the fair value of the investment properties as at 31 December 2023 and 31 December 2024 to be the same as the valuation amount as at 31 December 2022 given that there was no major change in market value of the industrial properties in Xiamen during the years.

(c) ***Amounts recognised in profit or loss for investment properties***

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other income – rental income	2,474	5,345	5,223
Other costs – depreciation of investment properties	(676)	(1,002)	(1,002)
Other costs – direct operating expenses from properties that generated rental income	(164)	(620)	(823)

(d) Assets pledged

As at 31 December 2022, 2023 and 2024, the Group's investment properties were pledged to secure certain bank borrowings of the Group (Note 29).

(e) Depreciation method

The Group depreciates investment properties with a limited useful life using the straight-line method over the following periods:

Buildings	40 years
Land-use rights	50 years

16 INTANGIBLE ASSETS

The Group and the Company

	Development expenditures	**Computer software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	7,021	392	7,413
Additions	7,746	–	7,746
Amortisation charge *(Note 6)*	(2,006)	(330)	(2,336)
Closing net book amount	12,761	62	12,823
Year ended 31 December 2023			
Opening net book amount	12,761	62	12,823
Additions	10,728	106	10,834
Amortisation charge *(Note 6)*	(3,872)	(24)	(3,896)
Closing net book amount	19,617	144	19,761
Year ended 31 December 2024			
Opening net book amount	19,617	144	19,761
Additions	8,456	47	8,503
Amortisation charge *(Note 6)*	(5,198)	(45)	(5,243)
Closing net book amount	22,875	146	23,021

(a) The Group's amortisation of intangible assets was charged to the following financial line items in the following categories in the consolidated statements of comprehensive income during the Track Record Period:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales – development expenditures	2,006	3,872	5,198
Administrative expenses – computer software	330	24	45
	2,336	3,896	5,243

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Development expenditures	3–5 years
Computer software	5–10 years

(b) **Accounting policy for research and development expenditures**

Research expenditures are charged to the consolidated statements of comprehensive income as expenses in the period the expenditure is incurred. Development expenditures are recognised as assets if they can be clearly assigned to a newly developed product or process and all the following can be demonstrated:

- The technical feasibility to complete the development project so that it will be available for use or sale;
- The intention to complete the development project to use it;
- The ability to use the output of the development project;
- The manner-in-which the development project will generate probable future economic benefits to the Group;
- The availability of adequate technical, financial, and other resources to complete the development project and use or sell the intangible asset; and
- The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset relating to development expenditures is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalised in intangible assets include employee costs, costs of raw materials, depreciations and other expenses incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognised in the consolidated statements of profit or loss as incurred.

Capitalised development expenditures are amortised using a straight-line method over the expected useful lives ranging between 3 to 5 years.

The Group incurred the following expenditures in research and development activities:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses incurred:			
Employee benefits	15,974	17,986	19,809
Cost of raw materials	2,082	830	1,089
Depreciation	391	556	507
Others	3,610	1,491	2,404
	22,057	20,863	23,809
Less: Development expenditures capitalised as intangible assets	(7,746)	(10,728)	(8,456)
Amount charged to profit or loss	14,311	10,135	15,353
Add: amortisation of development expenditures capitalised as intangible assets	2,006	3,872	5,198
Total research and development related expenditures charged to profit or loss	16,317	14,007	20,551

The total research and development related expenditures charged to profit or loss are included in the following categories in the consolidated statements of comprehensive income during the years ended 31 December 2022, 2023 and 2024:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	3,353	5,224	5,198
Research and development expenses	12,964	8,783	15,353
	16,317	14,007	20,551

(c) Impairment test for intangible assets not yet available for use

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Intangible assets not yet available for use – development expenditures	4,463	8,154	4,107

Intangible assets not yet available for use are derived from the capitalised development expenditures 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 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 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 and 2024. 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 and 2024:

	As at 31 December		
	2022	**2023**	**2024**
Revenue growth rate	0%–14.60%	0%–18.92%	13.10%–13.62%
Pre-tax discount rate	14.60%	14.00%	14.00%

Management has determined the values assigned to each of the above key assumptions as follows:

Revenue growth rate: based on past performance and management's expectations of market development;

Pre-tax discount rate: reflect specific risks relating to the operation of the business in the PRC.

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 its carrying amount ("the headroom") to its carrying amount was as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
Headroom	41.97%–783.36%	35.46%–234.70%	40.28%–578.94%

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 and 2024.

17 OTHER NON-CURRENT ASSETS

The Group's and the Company's other non-current assets represented prepayments for the purchase of property, plant and equipment. The prepayments would be transferred to the relevant assets when the assets were received.

18 INVENTORIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work-in-progress	1,563	93	779
Finished goods	48,624	39,806	28,091
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
	90,001	87,187	64,446

During the Track Record Period, the cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB251,297,000, RMB217,769,000 and RMB218,932,000 for the years ended 2022, 2023 and 2024 respectively.

Provision is made for slow moving and obsolete inventories, including where the net realisable value is lower than its carrying value, and is recorded in cost of sales in the consolidated statements of comprehensive income. The net provision/(reversal) of impairment for inventories as recognised for the Track Record Period amounted to approximately RMB5,534,000, RMB925,000, and RMB(3,296,000), respectively.

Accounting policies of inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as cost of sales in the period in which the reversal occurs.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work-in-progress	1,563	93	779
Finished goods	39,778	31,968	24,680
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
	81,155	79,349	61,035

19 TRADE AND NOTE RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	2,005	2,908	937
Trade receivables			
– Third parties	22,795	57,933	65,641
	24,800	60,841	66,578
Less: provision for impairment	(494)	(660)	(412)
	24,306	60,181	66,166

As at 31 December 2022, 2023 and 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	21,805	56,861	64,198
181–360 days	854	420	1,306
Over 360 days	136	652	137
	22,795	57,933	65,641

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records, past experience, as well as forward looking information.

The Group applies the simplified approach to provide for expected credit loss, which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9. Details of the assessment of expected loss rates of the Group's trade receivables are set out in Note 3.1 (b)(ii).

The carrying value of trade and notes receivables approximated their fair values as at the balance sheet dates due to their short term nature and were dominated in RMB.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	2,005	2,908	–
Trade receivables			
– From subsidiaries	27,805	49,638	38,077
– Third parties	11,976	32,086	32,751
	41,786	84,632	70,828
Less: provision for impairment	(253)	(150)	(25)
	41,533	84,482	70,803

As at years ended 31 December 2022, 2023 and 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	39,105	81,414	70,828
181–360 days	676	–	–
Over 360 days	–	310	–
	39,781	81,724	70,828

The carrying amounts of trade and notes receivables approximated their fair values as at the balance sheet dates due to their short term nature and were denominated in RMB.

20 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of raw materials	1,378	4,006	1,938
Prepayments for expenses	1,837	239	1,593
Prepayments for listing expenses	–	2,678	5,342
Value added tax recoverable	8,778	11,468	7,771
Other receivables – refundable deposits receivable	887	1,064	621
Others	2,978	2,697	3,058
Less: provision for impairment	(85)	(84)	(92)
	15,773	22,068	20,231

The carrying amounts of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of raw materials	1,378	4,006	1,938
Prepayments for expenses	1,308	32	686
Prepayments for listing expenses	–	2,678	5,342
Value added tax recoverable	–	4,341	1,342
Other receivables – refundable deposits receivable	761	890	430
Other current assets – amounts due from subsidiaries	139	–	–
Others	2,644	2,070	2,708
Less: provision for impairment	(65)	(71)	(65)
	6,165	13,946	12,381

The carrying amounts of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost			
Trade receivables *(Note 19)*	24,306	60,181	66,166
Other receivables (excluding value added tax recoverable) *(Note 20)*	3,780	3,677	3,587
Amounts due from related parties *(Note 33(c))*	39,036	32,492	–
Restricted cash *(Note 23)*	6,787	2,304	–
Cash and cash equivalents *(Note 23)*	23,427	15,141	7,609
	97,336	113,795	77,362
Financial assets at fair value through profit or loss	56,542	11,504	22,422
	153,878	125,299	99,784
Financial liabilities at amortised cost			
Trade payables *(Note 27)*	46,038	68,098	43,811
Accruals and other payables (excluding staff salaries and welfare payables, value added tax and others) *(Note 28)*	32,796	6,736	7,254
Borrowings *(Note 29)*	110,201	86,761	89,321
Lease liabilities *(Note 14)*	419	96	191
	189,454	161,691	140,577
Financial liabilities at fair value through profit or loss *(Note 22)*	–	2,114	–
	189,454	163,805	140,577

22 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

The Group's financial assets and financial liabilities at FVPL included the following:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVPL:			
Investments in wealth management products issued by banks	55,031	11,504	22,422
Foreign currency forward contracts	1,511	–	–
	56,542	11,504	22,422
Financial liabilities at FVPL:			
Foreign currency forward contracts	–	(2,114)	–

The movements for investments in wealth management products in the Group's financial assets at FVPL are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	47,256	55,031	11,504
Additions	564,752	311,120	270,945
Disposals	(557,453)	(354,994)	(260,496)
Gains on financial assets at FVPL	476	347	469
Closing balance	55,031	11,504	22,422

The Group bought certain wealth management products from banks. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they have been designated as financial assets at FVPL.

The Group enters into foreign currency forward contracts to hedge the Group's exposure to foreign exchange risk, mainly the USD denominated trade receivables and cash and cash equivalent.

The gain or loss on financial assets and liabilities at FVPL are set out in Note 9 above.

The Company

The Company's financial assets measured at FVPL included the following:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investments in wealth management products issued by banks	53,751	11,504	8,451

23 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Cash on hand and at banks	23,039	14,601	6,954
Other cash and cash equivalents	388	540	655
	23,427	15,141	7,609
Restricted cash			
Cash at banks	6,787	2,304	–

As at 31 December 2022, 2023 and 2024, bank deposits of RMB6,787,000 and RMB2,304,000 and RMB nil respectively were restricted and held in designated bank accounts as deposits for foreign currency forward contracts.

Cash and cash equivalents and restricted cash were denominated in the following currencies:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
RMB	27,417	11,940	6,880
USD	2,259	5,195	688
Others	538	310	41
	30,214	17,445	7,609

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	19,759	8,164	4,939

Cash and cash equivalents were denominated in:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
RMB	19,697	8,139	4,913
USD	62	25	26
	19,759	8,164	4,939

24 SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid	32,733	80,000	76,333

A summary of movements in the Company's paid-in capital/share capital is as follows:

	Number of shares	**Paid-in capital/ share capital**
		RMB'000
As at 1 January 2022 and 31 December 2022	32,732,800	32,733
Conversion of capital reserves into share capital (i)	47,267,200	47,267
Balance at 31 December 2023 and 1 January 2024	80,000,000	80,000
Capital reduction (ii)	(3,667,000)	(3,667)
Balance at 31 December 2024	76,333,000	76,333

(i) Upon approval at the meeting of the Board of Directors held on 15 June 2023, the Company increased its registered capital by RMB47,267,200 by way of conversion of capital reserves of the Company for the same amount. After the conversion, the Company's issued share capital was adjusted to RMB80,000,000, and the total number of shares reached 80,000,000.

(ii) On 14 March 2024, the Company repurchased 3,667,000 shares from Xiamen Rongxin at a total consideration of RMB32,490,000 by offsetting against the amount due from Xiamen Rongxin to the Company with an aggregate amount of approximately RMB32.5 million (Note 33(c)).

25 SHARE-BASED COMPENSATIONS

The share-based compensation expenses charged to the consolidated statements of comprehensive income during the Track Record Period were as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Employee share ownership plans	8,158	–	–

(a) Employee share ownership plans

(i) Details of the Company's employee share ownership plans ("ESOP")

The Group set up two limited partnership companies, namely Xiamen Gaoli Hezhong Investment Partnership Limited Partnership (廈門高立合眾投資合夥企業(有限合夥)) ("Xiamen Gaoli Hezhong") which was formerly known as Xiamen Gaoli Hezhong Consulting Management Partnership Limited Partnership (廈門高立合眾諮詢管理合夥企業(有限合夥)) in November 2017, and Xiamen Gaoli Zhongcheng Investment Partnership Limited Partnership (廈門高立眾成投資合夥企業(有限合夥)) ("Xiamen Gaoli Zhongcheng") in November 2018, as the employee shareholding platforms ("Employee Incentive Platforms") to hold the shares granted to employees of the Group.

Participants of the ESOP (the "Participants") are granted limited partnership interests (the "Awards") in the Employee Incentive Platforms and are each a limited partner of the Employee Incentive Platforms upon grant of the Awards. Upon becoming the limited partner of the Employee Incentive Platforms, the Participants indirectly receive economic interest in the pro rata portion of the underlying shares of the Company held by the Employee Incentive Platforms.

Prior to 31 December 2022 or to the submission of the application for the listing on a stock exchange by the Company (whichever is earlier), if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the capital injection amount of the relevant portion of interest that is subject to transfer plus interest.

After 31 December 2022 but prior to the submission of the application for listing on the stock exchange by the Company, if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the parties.

(ii) Awards granted under ESOP

On 21 November 2017, 254,600 shares of the Company with a grant price of RMB4 were granted to certain directors and employees through the Xiamen Gaoli Hezhong, and on 21 December 2018 and 8 December 2021, 146,000 and 146,000 shares of the Company with a grant price of RMB7 and RMB7 per share were granted to certain directors and employees through Xiamen Gaoli Zhongcheng, respectively, while the fair value of shares of the Company at the respective dates of grants was estimated to be RMB6.19, RMB9.74 and RMB19.53 per share, respectively.

The fair value of each award share grant under the ESOP and other issues during the Track Record Period was determined by reference to the consideration paid by third party investors in the latest equity investment transactions value during the latest external financing before or at the date of grant. The respective employees and directors are entitled to receive the same dividend as the other shareholders. Accordingly, no features of the equity instruments granted were incorporated as adjustments into the measurement of fair value.

As at 31 December 2023, 909,180 and 1,016,717 (after giving the effect of adjustment for capitalisation issue), totalling 1,925,897 shares of the Company, representing 1.14% and 1.27% of the Company's shareholding, were held by Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng, respectively, and were all granted to directors and employees of the Group. On 14 March 2024, the Company repurchased 3,667,000 shares from Xiamen Rongxin and resolved to reduce the registered share capital of the Company from RMB80,000,000 to RMB76,333,000 by way of reduction in number of issued shares. As a result, the equity interest in Company's shares held by Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng were increased to 1.19% and 1.33%, respectively.

Details of the award shares held by the directors, supervisors and senior management under the ESOP during the Track Record Period are set out below:

	Number of award shares		
	As at 31 December		
	2022	**2023**	**2024**
Directors, supervisors and employees	788,000	1,925,897	1,925,897

The increase in number of award shares as at 31 December 2023 was due to the issue of 1,137,897 shares of the Company to the Participants through Employee Shareholding Platforms pursuant to the capitalisation of capital reserve.

(b) Accounting policy for share-based compensation expenses

The fair value of the employee services received in exchange for the grant of equity instruments (the "share-based compensation") is the difference between the fair value of each award share of the Company and the cash consideration to be paid by the Participant, and is recognised as an expense in "employee benefit expenses" in the consolidated statement of comprehensive income, with a corresponding increase in equity.

The total amount of share based compensation of the Group was expensed over the vesting period which started from the respective dates of grant since 2017 and until 31 December 2022 according to the terms of ESOP.

At the end of each reporting period during the Track Record Period, the Group would revise its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

26 RESERVES

The Group

	Capital reverse *RMB'000*	Statutory reserves *RMB'000*	Share-based compensation *RMB'000*	Total *RMB'000*
At 1 January 2022	67,144	4,346	4,807	76,297
Profit appropriation to statutory reserve *(a)*	–	3,891	–	3,891
Share-based compensation *(Note 25)*	–	–	8,158	8,158
At 31 December 2022 and 1 January 2023	67,144	8,237	12,965	88,346
Profit appropriation to statutory reserve *(a)*	–	4,070	–	4,070
Conversion of capital reserves into share capital *(Note 24(i))*	(47,267)	–	–	(47,267)
At 31 December 2023 and 1 January 2024	19,877	12,307	12,965	45,149
Profit appropriation to statutory reserve *(a)*	–	3,718	–	3,718
Repurchase of ordinary shares *(Note 24(ii))*	(28,823)	–	–	(28,823)
At 31 December 2024	(8,946)	16,025	12,965	20,044

The Company

	Capital reverse *RMB'000*	Statutory reserves *RMB'000*	Share-based payment *RMB'000*	Total *RMB'000*
At 1 January 2022	66,414	4,344	4,807	75,565
Profit appropriation to statutory reserve *(a)*	–	3,909	–	3,909
Share-based payment *(c)*	–	–	8,158	8,158
At 31 December 2022 and 1 January 2023	66,414	8,253	12,965	87,632
Profit appropriation to statutory reserve *(a)*	–	4,070	–	4,070
Convention of capital reserves into share capital *(Note 24(i))*	(47,267)	–	–	(47,267)
At 31 December 2023 and 1 January 2024	19,147	12,323	12,965	44,435
Profit appropriation to statutory reserve *(a)*	–	3,718	–	3,718
Repurchase of ordinary shares *(Note 24(ii))*	(28,823)	–	–	(28,823)
At 31 December 2024	(9,676)	16,041	12,965	19,330

(a) Statutory surplus reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), it is required to recognise appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

27 TRADE PAYABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables – third parties	46,038	68,098	43,811

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,038	68,098	43,811

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to their short maturity and were denominated in RMB.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Subsidiaries	49	–	–
– Third parties	45,978	68,865	44,290
	46,027	68,865	44,290

The ageing analysis of trade payables based on the invoice date at the respective company balance sheet dates is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,027	68,865	44,290

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to their short maturity were dominated in RMB.

28 ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	15,034	1,344	439
Dividends payable	15,000	–	–
Staff salaries and welfare payable	7,964	8,014	9,510
Value added tax and other taxes payable	2,348	6,116	6,840
Payables for listing expenses	–	2,629	4,313
Other accrued expenses and payables	2,762	2,763	2,700
	43,108	20,866	23,802

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	15,034	902	439
Dividends payable	15,000	–	–
Staff salaries and welfare payable	6,363	6,925	7,816
Value added tax and other taxes payable	2,203	5,949	5,530
Payables for listing expenses	–	2,629	4,313
Others	2,156	1,887	2,529
	40,756	18,292	20,627

29 BORROWINGS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current borrowings			
Long-term bank borrowings, secured and guaranteed *(a)*	20,137	17,709	15,214
Long-term bank borrowings secured *(a)*	36,952	32,269	27,659
Long-term bank borrowings, unsecured	–	6,720	16,440
less: current portion	(7,112)	(7,420)	(27,934)
Non-current portion	49,977	49,278	31,379
Current borrowings			
Short-term bank borrowings, guaranteed *(b)*	53,112	30,063	–
Short term bank borrowings, unsecured	–	–	30,008
Current portion of long-term bank borrowings	7,112	7,420	27,934
	60,224	37,483	57,942
Total borrowings	110,201	86,761	89,321

(a) On 21 July 2021, the Company entered into a syndicated loan facility agreement with three banks in the PRC for a 5-years term loan facility. Pursuant to the syndicated loan facilities, various bank borrowings were drawn down from the banks, among which certain long-term bank borrowings were secured by the mortgage of the Group's land use rights (Note 14), buildings (Note 13) and investment properties (Note 15) at the headquarters of the Group in Xiamen and supported by guarantee from Mr. Xu Kaiming (the ultimate controlling shareholder). The guarantee provided by Mr. Xu Kaiming will be released upon listing.

(b) The Group's short-term bank borrowings as at 31 December 2022, 2023 and 2024 were supported by guarantees from Mr. Kaiming (the ultimate controlling shareholder) and his wife, Ms Lin Yaqiong, and a financing guarantee service provider company, Xiamen Huli District Financing Guarantee Co., Ltd..

(c) As at 31 December 2022, 2023 and 2024, the Group's bank borrowings were denominated in RMB and were interest bearing at fixed interest rates at the average of 3.57%, 3.20% and 3.03% per annum, respectively. The bank borrowings are repayable as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	60,224	37,483	57,942
Between 1 and 2 years	7,139	27,859	31,379
Between 2 and 5 years	42,838	21,419	–
	110,201	86,761	89,321

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current borrowings			
Long-term bank borrowings, secured and guaranteed *(a)*	20,137	17,709	15,214
Long-term bank borrowings secured *(a)*	36,952	32,269	27,659
Long-term bank borrowings, unsecured	–	6,720	16,440
less: current portion	(7,112)	(7,420)	(27,934)
Non-current portion	49,977	49,278	31,379
Current borrowings			
Short term bank borrowings, guaranteed *(b)*	53,112	30,063	–
Short term bank borrowings, unsecured	–	–	8,008
Current portion of long-term bank borrowings	7,112	7,420	27,934
	60,224	37,483	35,942
Total borrowings	110,201	86,761	67,321

30 PROVISION

The balance represents provision for a potential litigation claim in connection with a proceeding that was lodged against the Company in August 2021 in relation to a civil action incidental to a criminal case filed by a company (the "Plaintiff") whose trade secret in respect of scales was alleged to be infringed by an ex-employee of the Company. In April 2024, it was ruled by the court that the case was dismissed on the ground that the claims brought by the Plaintiff was not based on the infringement of personal rights or suffering of loss due to destruction of properties and therefore it should not be lodging as a civil action incidental to a criminal case according to PRC laws.

No payment has been made to the Plaintiff as of the date of this report. The directors of the Company, after taking consideration of the advices from the PRC legal counsel regarding the likelihood of the Plaintiff lodging a separate civil action against the Company and the expected amount to settle the claim, made provision accordingly which reflected the directors' best estimate based on available information.

31 DEFERRED INCOME TAX

The Group

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets – gross:			
– Deferred income tax asset to be recovered within 12 months	1,853	2,891	1,527
– Deferred income tax asset to be recovered after 12 months	2,370	2,870	2,985
	4,223	5,761	4,512
Set-off of deferred income tax liabilities	(1,983)	(2,943)	(2,992)
Net deferred income tax assets	2,240	2,818	1,520
Deferred income tax liabilities – gross:			
– Deferred income tax liability to be recovered within 12 months	(489)	(452)	(520)
– Deferred income tax liability to be recovered after 12 months	(1,501)	(2,491)	(2,911)
	(1,990)	(2,943)	(3,431)
Set-off of deferred income tax assets	1,983	2,943	2,992
Net deferred income tax liabilities	(7)	–	(439)
Net deferred income tax assets	2,233	2,818	1,081

The movement in net deferred income tax is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	2,580	2,233	2,818
(Charge)/credited to income tax *(Note 11)*	(347)	585	(1,737)
As at 31 December	2,233	2,818	1,081

(a) Deferred income tax assets – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Provision	1,650	1,650	1,650
Deductible tax losses	203	1,241	1,335
Impairment loss	1,949	2,076	1,366
Fair value loss on financial liabilities at FVPL	–	181	–
Others	421	613	161
	4,223	5,761	4,512

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Provision	Deductible tax losses	Impairment loss	Fair value loss on financial liabilities at FVPL	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,650	131	1,466	–	391	3,638
Credited to profit or loss	–	72	483	–	30	585
As at 31 December 2022 and 1 January 2023	1,650	203	1,949	–	421	4,223
Credited to profit or loss	–	1,038	127	181	192	1,538
As at 31 December 2023 and 1 January 2024	1,650	1,241	2,076	181	613	5,761
Credited/(charged) to profit or loss	–	94	(710)	(181)	(452)	(1,249)
As at 31 December 2024	1,650	1,335	1,366	-	161	4,512

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax assets have not been recognised in respect of the tax losses amounting to RMB1,947,000, RMB2,154,000 and RMB3,757,000 as at 31 December 2022, 2023 and 2024, respectively.

The tax losses that are not recognised for deferred income tax assets will be expired as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2023	534	–	–
2024	147	147	–
2025	94	94	94
2026	272	272	272
2027	900	900	900
2028	–	741	741
2029	–	–	1,750
	1,947	2,154	3,757

(b) Deferred income tax liabilities – gross

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on financial assets at FVPL	76	–	–
Amortisation of intangible assets	1,914	2,943	3,431
	1,990	2,943	3,431

The movement in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Fair value gain on financial assets at FVPL	Amortisation of intangible assets	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	5	1,053	1,058
Charged to profit or loss	71	861	932
As at 31 December 2022 and 1 January 2023	76	1,914	1,990
(Credited)/charged to profit or loss	(76)	1,029	953
As at 31 December 2023 and 1 January 2024	–	2,943	2,943
Charge to profit or loss	–	488	488
As at 31 December 2024	–	3,431	3,431

The Company

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax asset – gross *(a):*			
– Deferred income tax asset to be recovered within 12 months	1,936	2,050	1,342
– Deferred income tax asset to be recovered after 12 months	1,650	1,650	1,650
	3,586	3,700	2,992
Set-off of deferred income tax liabilities	(1,914)	(2,943)	(2,992)
Net deferred income tax assets	1,672	757	–
Deferred income tax liabilities – gross *(b):*			
– Deferred income tax liability to be recovered within 12 months	413	452	520
– Deferred income tax liability to be recovered after 12 months	1,501	2,491	2,911
	1,914	2,943	3,431
Set-off of deferred income tax assets	(1,914)	(2,943)	(2,992)
Net deferred income tax liabilities	-	–	439

(a) Deferred income tax assets – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Provisions	1,650	1,650	1,650
Impairment loss	1,936	2,050	1,342
	3,586	3,700	2,992

(b) Deferred income tax liabilities – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on financial assets at FVPL	–	1	–
Amortisation on intangible assets	1,914	2,942	3,431
	1,914	2,943	3,431

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	42,378	29,554	44,885
Adjustments for:			
Provision for/(reversal of) impairment of inventories *(Note 6)*	5,534	925	(3,296)
(Reversal of)/net impairment losses of financial assets	(6)	165	(173)
Depreciation of property, plant and equipment *(Note 13)*	3,592	3,892	4,258
Depreciation of right-of-use assets *(Note 14)*	717	418	375
Amortisation of investment properties *(Note 15)*	676	1,002	1,002
Amortisation of intangible assets *(Note 16)*	2,336	3,896	5,243
Net loss on disposals of property, plant and equipment *(Note 9)*	98	–	84
Interest income	(430)	(818)	(971)
Interest expenses	1,831	2,263	2,829
Amortisation of deferred income	–	–	900
(Gains)/losses on financial assets at FVPL	(987)	3,553	838
Share-based compensation expenses	8,158	–	–
Operating profit before changes in working capital	63,897	44,850	55,974
Changes in working capital:			
Decrease in inventories	26,272	1,890	26,037
Decrease/(increase) in trade receivables	6,656	(36,041)	(5,802)
Decrease/(increase) in prepayments and other receivables	3,984	(4,894)	1,728
Decrease in contract liabilities	(7,118)	(4,638)	(2,591)
(Decrease)/increase in trade payables	(29,157)	22,060	(24,287)
(Decrease)/increase in accruals and other payables	(696)	6,447	5,092
Cash flows from operating activities	63,838	29,674	56,151

(b) Proceeds from disposal of property, plant and equipment:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net book amount	224	9	91
Net loss on disposal of property, plant and equipment	(98)	–	(84)
	126	9	7

(c) Non-cash transactions:

Significant non-cash transactions include: (1) share-based compensations amounted to RMB8,158,000, nil and nil for the Track Record Period, and (2) amount due from related parties of RMB32,489,000 set off against amount due to the controlling shareholder for repurchase of shares from the controlling shareholder in 2024. There were no other significant non-cash transactions for the Track Record Period.

(d) Net debt reconciliations

Set out below is an analysis of net debt and the movements in net debt from financing activities for each of the years presented.

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	23,427	15,141	7,609
Restricted cash	6,787	2,304	–
Lease liabilities	(419)	(96)	(191)
Borrowings – repayable within one year	(60,224)	(37,483)	(57,942)
Borrowings – repayable after one year	(49,977)	(49,278)	(31,379)
Net debt	(80,406)	(69,412)	(81,903)

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities			
At beginning of the year	566	419	96
Cash outflows	(611)	(327)	(253)
Interest expense	25	4	16
New leases	439	–	851
Termination	–	–	(519)
At end of the year	419	96	191

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Borrowings			
At beginning of the year	57,661	110,201	86,761
Cash outflows	(18,592)	(60,749)	(86,833)
Interest expenses	2,033	2,259	2,813
Cash inflows	69,099	35,050	86,580
At end of the year	110,201	86,761	89,321

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The ultimate controlling shareholder, directors, supervisors, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Related parties of the Group

Name of related parties	Relationship
Mr. Xu Kaiming	Ultimate controlling shareholder
Xiamen Rongxin	Ultimate holding company, controlled by Mr. Xu Kaiming

The following is a summary of the significant transactions carried out between the Group and its related parties during the Track Record Period, and balances arising from related party transactions as at the respective financial position dates.

(b) Transactions with related parties

Non-trade

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from related parties:			
Xiamen Rongxin	334	675	41
Mr. Xu Kaiming	62	–	–
	396	675	41
Loans to related parties:			
Xiamen Rongxin	37,433	–	–
Mr. Xu Kaiming	2,157	–	–
	39,590	–	–
Repayment of loans by related parties:			
Xiamen Rongxin-repayment	950	5,000	44
Xiamen Rongxin-offset payable	–	–	32,489
Mr. Xu Kaiming	–	2,219	–
	950	7,219	32,533

(c) Balances with related parties

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties (Non-trade in nature):			
Xiamen Rongxin	36,817	32,492	–
Mr. Xu Kaiming	2,219	–	–
	39,036	32,492	–

During the year ended 31 December 2022, the Group made various short term loans to Xiamen Rongxin and Mr. Xu Kaiming. The loans were unsecured and non-trade in nature, bearing interest at rates ranging from 2% to 4.35% per annum, and with repayment terms within 1 year.

On 14 March 2024, pursuant to a loan settlement agreement entered into between the Company and Xiamen Rongxin, the Company agreed to re-purchase from Xiamen Rongxin the Company's shares at a consideration of RMB32,489,000. The consideration offset the Company's amount due from Xiamen Rongxin.

(d) Key management compensation

Key management includes directors (executive and non-executive), supervisors and members of key management. The compensation paid or payable to key management for employee services is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	2,205	2,592	2,232
Housing fund, medical insurance and other social benefits	281	310	238
Pension costs – defined contribution plans	266	288	69
Share-based compensation	1,563	–	–
	4,315	3,190	2,539

34 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors' emoluments

The remuneration paid or payable to the directors and supervisors of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to becoming the directors of the Company) during the Track Record Period was as follows.

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	360	30	47	9	–	446
Directors							
Mr. Xu Kaihe (許開河)	–	302	22	40	9	253	626
Mr. Hu Zunfa(胡遵法) *(v)*	–	260	15	36	9	216	536
Independent non-executive directors							
Ms. Wang Hua(王樺) *(i)*	–	60	–	–	–	–	60
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Supervisors							
Ms. Chai Ling (柴菱)	–	181	28	25	9	104	347
Mr. Fu Jianfang (傅劍芳)	–	280	26	38	9	678	1,031
Mr. Jiang Jingtao (江靜濤)	–	152	9	35	9	25	230
	–	1,655	130	221	54	1,276	3,336

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	360	30	49	9	–	448
Directors							
Mr. Xu Kaihe (許開河)	–	353	31	44	9	–	437
Ms. Lin Yanqin (林燕琴)	–	146	–	18	9	–	173
Ms. Xi Huanian (席華年) *(iii)*	–	209	–	30	9	–	248
Independent non-executive directors							
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Dr. Yu Xiaoou (于小偶) *(ii)*	–	60	–	–	–	–	60
Dr. Lim Kim Huat (林駿華) *(iv)*	–	108	–	–	–	–	108
Supervisors							
Ms. Chai Ling (柴菱)	–	208	36	31	9	–	284
Mr. Fu Jianfang (傅劍芳)	–	313	36	41	9	–	399
Mr. Jiang Jingtao (江靜濤)	–	95	35	27	9	–	166
	–	1,912	168	240	63	–	2,383

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	297	30	47	8	–	382
Directors							
Mr. Xu Kaihe (許開河)	–	342	26	6	8	–	382
Ms. Lin Yanqin (林燕琴)	–	170	23	20	18	–	231
Independent non-executive directors							
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Dr. Yu Xiaoou (于小偶) *(ii)*	–	60	–	–	–	–	60
Dr. Lim Kim Huat (林駿華) *(iv)*	–	110	–	–	–	–	110
Supervisors							
Ms. Chai Ling (柴菱)	–	154	36	47	8	–	245
Mr. Fu Jianfang (傅劍芳)	–	339	82	30	8	–	459
Mr. Jiang Jingtao (江靜濤)	–	31	7	5	3	–	46
	–	1,563	204	171	37	–	1,975

(i) Ms. Wang Hua was appointed as the director of the Company in July 2021 and resigned in November 2022.

(ii) Dr. Yu Xiaoou was appointed as the director of the Company in November 2022.

(iii) Ms. Xi Huanian was appointed as the director of the Company in March 2023 and resigned in December 2023.

(iv) Dr. Lim Kim Huat was appointed as the director of the Company in March 2023.

(v) Mr. Hu Zunfa was appointed as the director of the Company in March 2022 and resigned in March 2023.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(b) Directors' and supervisors' retirement benefits

There were no retirement benefits paid to or receivable by any Directors/Supervisors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(c) Directors' and supervisors' termination benefits

There were no termination benefits paid to or receivable by any Director/Supervisor during the Track Record Period.

(d) Consideration provided to third parties for making available directors' and supervisors' services

No payment was made to the former employer of Directors/Supervisors for making available the services of them as a Director of the Company during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors and supervisors'

Other than those disclosed in Note 33(c), there were no loans, quasi-loans and other dealings entered into between the Group and the directors/supervisors and in favour of the directors/supervisors during the Track Record Period.

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

Other than those as disclosed in Note 33(b), there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

35 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2022, 2023 and 2024, except for the potential litigation case as disclosed in Note 30.

36 COMMITMENTS

Capital commitments

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
– Commitments for construction and acquisition of property, plant and equipment	70,273	–	–

37 DIVIDENDS

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Dividends, declared and paid	20,000	20,000	31,500
Dividend per share *(RMB)*	0.61	0.61	0.38

During the Track Record Period, the Company declared dividends of RMB20,000,000, RMB20,000,000 and RMB31,500,000 and paid dividends in cash of RMB5,000,000, RMB35,000,000 and RMB31,500,000 to shareholders of the Company during the respective years, respectively.

38 SUBSEQUENT EVENTS

In March 2025, the Group renewed bank borrowing of RMB12.0 million.

39 SUBSIDIARIES

(a) Investments in subsidiaries – the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	8,270	8,270	8,270

The subsidiaries of the Company as at 31 December 2022, 2023 and 2024 and the date of this report are set out below:

Company name	Date of incorporation	Country/Place of incorporation/ establishment	Registered paid-up capital	Effective interest held as at 31 December 2022	2023	2024	Date of this report	Direct or Indirect	Principal activities
Directly held:									
Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司)	15 December 2017	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Direct	Trading company
IMachine (Xiamen) Intelligent Devices Co., Ltd.* (艾碼訊(廈門)智能設備有限公司)	15 November 2017	PRC, limited liability company	RMB5,000,000	100%	100%	100%	100%	Direct	Manufacturing and distributing intelligent POS machine and desktop POS machine
Xingbang Trade Co., Ltd.* (廈門市興邦聯合貿易有限公司)	19 October 2015	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Direct	Electronic trading company with sale of weighting apparatus
Indirectly held:									
Rongta LiZhong Trade Co., Ltd.* (容大利眾(廈門)貿易有限公司)	4 March 2021	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Indirect	Sale of weighting apparatus and monetary specialised equipment

No audited statutory financial statements have been issued for the entities as there are no statutory requirements in the respective places of incorporation.

* The English names of the PRC companies and statutory auditor referred to in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

40. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

40.1 Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

40.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill. Investments in subsidiaries are also assessed for impairment and written down to their recoverable amounts in accordance with Note 4.

40.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is RMB. Majority of the subsidiaries of the Group operate in the PRC and their functional currency is RMB. The Historical Financial Information is presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within "other (losses)/gains".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

40.4 Intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

40.5 Investment properties

Investment properties are defined as properties (land or a building – or part of a building – or both) held (by the owner or by the lessee) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

40.6 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate are initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease payments are discounted using the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group's right-of-use assets consist of up-front the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheets based on their nature.

40.7 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.8 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at a amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group has the following types of assets that are subject to IFRS 9's expected credit loss model:

- trade receivables
- other receivables
- cash and cash equivalents
- restricted bank balances

While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade receivables with no significant financing component, the Group applies simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on cash and cash equivalents, restricted cash and other receivables are measured as lifetime expected credit losses if a significant increase in credit risk of a receivable has occurred since initial recognition.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

40.9 Trade and other receivables and amounts due from related parties

Trade receivables are amounts due from customers for products and services provided in the ordinary course of business. Amounts due from related parties are loans provided to related parties with interest, and they are unsecured with repayment terms within 1 year. If collection of trade and other receivables and amounts due from related parties is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 4 for a description of the Group's impairment policies.

40.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

40.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

40.12 Trade and other payables

Trade payables represent liabilities for products and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities if payment is due within 12 months. If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

40.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

40.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

40.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. Deferred tax is recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iii) Offsetting deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

40.16 Interest income

Interest income from financial assets at FVPL is included in the other gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 3.3 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

40.17 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 relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

40.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

40.19 Provision

Provision for potential legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

40.20 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the Historical Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the Historical Financial Information when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31 December 2024 and up to the date of the report.

The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth 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 prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

This 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 as at 31 December 2024 or at any future dates following the Global Offering.

	Audited Consolidated Net Tangible Assets of the Group Attributable to the Owners of the Company as at 31 December 2024	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as at 31 December 2024**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$10.00 per Offer Share	137,042	135,804	272,846	2.88	3.18
Based on an Offer Price of HK$12.00 per Offer Share	137,042	166,810	303,852	3.21	3.54

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 is extracted from the Accountant's Report 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 as at 31 December 2024 of approximately RMB160,063,000 after deducting the Group's intangible assets of approximately RMB23,021,000 as at 31 December 2024.

(2) The estimated net proceeds from the Global Offering are based on 18,400,000 Offer Shares and the indicative Offer Price of HK$10.00 per Offer Share and HK$12.00 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB16,898,000 which have been accounted for in the consolidated statements of comprehensive income prior to 31 December 2024).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 94,733,000 Shares (representing 76,333,000 Shares at 31 December 2024 and 18,400,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on 31 December 2024 but does not take into account of any Shares which may be allotted and issued by the Company upon exercise of the Over-allotment Option or pursuant to the general mandate or repurchased by the Company pursuant to the repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9061 to HK$1.00. 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 rate.

(5) The Group's property interests as at 30 April 2025 were valued by a property valuer, and the full text of the valuation report with regard to such property interests is set out in Appendix VI to this prospectus. The valuation surplus as at 30 April 2025, representing the excess of market value of the Group's property interests over their book value, was approximately RMB24,177,000. Such valuation surplus has not been included in the Group's consolidated financial statements as at 31 December 2024, and the above adjustments do not take it into account. Had the property interests been stated at such valuation, additional depreciation of RMB636,000 per annum would have been charged to the consolidated statement of comprehensive income.

(6) No adjustment has been made to reflect any trading results or other transactions of the Company entered into subsequent to 31 December 2024.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2024 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 30 May 2025, in connection with the proposed initial public offering of the H Shares of the Company (the "Prospectus"). 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 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2024 as if the proposed initial public offering had taken place at 31 December 2024. 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 31 December 2024, on which an accountant's report has been published.

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Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars,* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("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 behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 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 Accountant's 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 accountant plans and performs 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed initial public offering at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 May 2025

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 provisions. Accordingly, you should consult your own tax advisor 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 retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on 31 August 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on 18 December 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Enterprise Investor

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on 16 March 2007 and last amended on 29 December 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was issued by the State Council on 6 December 2007, came into effect on 1 January 2008 and amended on 23 April 2019 (hereinafter collectively referred to as the "**CIT Law**"), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from 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. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the State Administration of Taxation (the "**SAT**") on 6 November 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**"), which was signed on 21 August 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement 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 State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

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 corporate income tax 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 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 corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**"), which was implemented on 1 May 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on 1 January 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on 30 March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on 31 December 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on 31 December 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on 10 November 2010). As at the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the CIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income 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 avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued on 10 June 2021 and came into effect on 1 July 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

Hong Kong Taxation

Tax on Dividends

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. However, 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. 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 realised by persons carrying on a dealing in securities or business of trading in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% 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 Hong Kong securities, including H Shares (in other words, a total of 0.2% 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

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange (the "**SAFE**"), with the authorisation of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regime regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**"), which was issued by the State Council on 29 January 1996, implemented on 1 April 1996 and last amended on 5 August 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination by the competent foreign exchange authorities 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 conversion and sale of foreign currencies and supervision and inspection by the competent foreign exchange authorities. For capital items, overseas organisations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the competent foreign exchange 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 expenditure occur or may occur a material misbalance, 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.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on 20 June 1996 and implemented on 1 July 1996, regulates the existing regulatory measures on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on 21 July 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 21 July 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current 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 (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) which was promulgated by the State Council on 23 October 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on 26 December 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange 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 document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《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 by the SAFE on 13 February 2015, came into effect on 1 June 2015 and partially repealed on 30 December 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. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

In accordance with the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular No. 21**"), which was promulgated on 10 May 2013 with effect from 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular No. 19**"), promulgated on 30 March 2015, coming effective on 1 June 2015, partially abolished on 30 December 2019, and last amended on March 23 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionising and Regulating Capital Account Settlement Management Policies (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE and implemented on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On 23 October 2019, SAFE promulgated the Notice 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》) (the "**SAFE Circular No. 28**"), which became effective on the same date. The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realisation 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.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China adopted on 20 September 1954 and subsequently amended on 17 January 1975, 5 March 1978, 4 December 1982, 12 April 1988, 29 March 1993, 15 March 1999, 14 March 2004, and 11 March 2018 (the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, autonomy regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**") adopted on 15 March 2000 and amended on 13 March 2023, the National People's Congress of the People's Republic of China (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State. The NPC is authorised to formulate and amend basic laws governing state agencies, civil and criminal matters, and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required by to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that they shall not be in conflict with the basic principles of such laws.

The State Council is the highest administrative organ of the state, and has the power to enact administrative regulations under the Constitution and laws.

The people's congresses and their standing committees of provinces, autonomous regions, and municipalities directly under the Central Government may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, 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 respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual requirements of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. However, if there are separate provisions by law on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, but should comply with the constitution, laws, administrative regulations and local regulations of relevant provinces and autonomous regions. 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 the province or autonomous region concerned. Where, during the examination for approval of local regulations of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations enacted by an autonomous region shall come into effect upon approval by the Standing Committee of the NPC. The autonomous regulations and separate regulations enacted by an autonomous prefecture or autonomous county shall come into effect upon approval from the respective standing committees of the people's congresses of the provinces, autonomous regions and municipalities directly under the Central Government.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and cities and autonomous regions divided into districts may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

According to the Constitution and Legislative Law, the power to interpret laws is vested in the Standing Committee of the National People's Congress. According to Resolutions of the Standing Committee on Improving Interpretation of Laws implemented on 10 June 1981, in cases where interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Other relevant legal and statutory issues other than the above shall be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions also have the right to interpret the administrative regulations and departmental rules promulgated by them. At the local level, the power to interpret local laws is vested in the local legislative and administrative authorities that promulgate the relevant laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organisation of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) adopted on 21 September 1954 and subsequently amended on 5 July 1979, 2 September 1983, 2 December 1986, 31 October 2006 and 26 October 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts at all levels, the military courts and other special people's courts.

The local people's courts are divided into the basic people's courts, the higher people's courts, and the intermediate people's courts. The basic people's courts may establish civil, criminal, and economic tribunals and several people's tribunals based on locality, population, and cases. The tribunals of the intermediate people's courts are similar to those of the basic people's courts, where other special tribunals may be established when necessary. The aforesaid two levels of people's courts are subject to the supervision of the people's courts at the higher level. The Supreme People's Court is the highest judicial organ in the PRC and supervises the judicial work of local people's courts at all levels and special people's courts. The Supreme People's Procuratorate has the power to supervise the judgements and rulings of the people's courts at all levels that have become legally binding, and the Higher People's Procuratorate has the power to supervise the judgements and rulings of the people's courts at lower levels that have become legally binding.

Pursuant to the Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and subsequently implemented on 28 October 2007, 31 August 2012, 27 June 2017, and 1 September 2023 and 1 January 2024, the judgement and ruling of the people's court of second instance shall be the judgement and ruling of final instance. If the parties concerned are dissatisfied with the first-instance judgement or ruling of the local people's court, they have the right to appeal. The People's Procuratorate may lodge a protest with the People's Court at the next higher level in accordance with the procedures prescribed by law. If the parties concerned do not appeal and the People's Procuratorate does not file a protest within the prescribed time limit, the judgement or ruling of the People's Court shall be final. The second-instance judgements or rulings of the Intermediate People's Court, the Higher People's Court and the Supreme People's Court, as well as the first-instance judgements or rulings of the Supreme People's Court are final judgements and rulings. However, the Supreme People's Court shall have the power to bring to trial or direct the lower people's courts to retry the judgements, rulings, and conciliations of the local people's courts at all levels that have entered into force, and the higher people's courts shall have the power to bring to trial or direct the lower people's courts to retry the judgements, rulings, and conciliations of the people's courts at all levels that have entered into force if it discovers that there is an error in the judgement, ruling, or conciliation. If the presiding judge of a people's court at any level finds that there is an error in a judgement, ruling or conciliation that has entered into force and considers that it should be retried, he or she shall submit it to the trial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC stipulates the filing of civil lawsuits, the jurisdiction of the people's courts, the procedures that need to be followed in conducting civil lawsuits, and the conditions for the execution of civil judgements or awards. All parties filing a civil lawsuit in the PRC must abide by the Civil Procedure Law of the PRC. Civil cases are generally heard in the court where the defendant is located. In a civil lawsuit, both parties to a contract may agree in a written contract to choose the jurisdiction of the people's court at the place where the defendant is domiciled, the place where the contract is performed, the place where the contract is signed, the place where the plaintiff is domiciled, and the place where the subject matter is located, but the provisions on hierarchical jurisdiction and exclusive jurisdiction shall not be violated.

Foreigners, stateless persons, foreign enterprises and organisations have the same litigation rights and obligations as Chinese citizens, legal persons and other organisations when filing lawsuits and responding to lawsuits in Chinese courts. Where a foreign court imposes restrictions on the civil litigation rights of a Chinese citizen or enterprise, the Chinese courts shall apply the principle of reciprocity with respect to the civil litigation rights of that citizen or enterprise. Foreigners, stateless persons, foreign enterprises and organisations that are suing or responding to lawsuits in Chinese courts and need to appoint lawyers to represent them in litigation must appoint Chinese lawyers. In accordance with international treaties concluded or acceded to by the People's Republic of China, or in accordance with the principle of reciprocity, the people's courts and foreign courts may request each other to serve documents, investigate and collect evidence, and conduct other litigation activities on their behalf. The parties must fulfil any legally effective civil judgement or ruling. If one party to a civil lawsuit refuses to comply with the judgement or ruling made by the People's Court or the award made by a Chinese arbitration tribunal, the other party may apply to the People's Court for enforcement within two years (it may also apply for postponement of enforcement or revocation). If one party fails to perform the judgement within the prescribed time limit granted by the court for execution approval, the court may enforce the judgement against the other party upon application.

If a party applies for enforcement of a legally effective judgement or written order made by the people's court, and the opposite party or its property is not within the territory of the People's Republic of China, the applicant may directly apply for recognition and enforcement to the foreign court which has jurisdiction. If the PRC concludes or participates in an international treaty stipulating recognition and enforcement with a relevant foreign country, or if the judgement or ruling complies with the court's review based on the principle of reciprocity, the People's Court may also recognise and enforce it in accordance with the enforcement procedures of the PRC. Any violation of the basic principles of the PRC laws or national sovereignty, security, or social and public interests will not be recognised or enforced.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations related to the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Commission and the China Securities Regulatory Commission. The Securities Commission is responsible for coordinating the drafting of securities laws and regulations, formulating securities policies, planning securities market development, guiding, coordinating and supervising all securities-related organisations in the PRC, and managing the China Securities Regulatory Commission. The China Securities Regulatory Commission is the regulatory enforcement agency of the Securities Commission. It is responsible for drafting regulatory provisions for the securities market, supervising securities companies, managing the public offering of Chinese company securities inside or outside the PRC, regulating securities trading, collecting securities-related statistical data, and conducting relevant research and analysis. In April 1998, the State Council merged the above two departments and reorganised the China Securities Regulatory Commission.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) stipulates the public offering of equity securities, trading in equity securities, acquisition of listed companies, custody, liquidation and transfer of listed equity securities, disclosure of information by listed companies, investigations, penalties and dispute resolution.

On 25 December 1995, the State Council promulgated the Regulations of the State Council Concerning 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》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the People's Republic of China (the "**PRC Securities Law**") became effective on 1 July 1999 and was amended on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. The PRC Securities Law was amended on 28 December 2019 and became effective on 1 March 2020, and is divided into 14 chapters and 226 articles regulating, among other things, the issuance and trading of securities, the listing of securities, and acquisitions of listed companies.

Article 224 of the PRC Securities Law stipulates that domestic enterprises directly or indirectly issuing securities abroad or listing and trading their securities abroad shall comply with the relevant regulations of the State Council. Currently, the issuance and trading of securities issued overseas (including shares) are mainly regulated by regulations and rules promulgated by the State Council and the China Securities Regulatory Commission.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

On 31 August 1994, the Standing Committee of the NPC enacted the Arbitration Law of the People's Republic of China (the "**PRC Arbitration Law**"), which came into effect on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017, respectively. The PRC Arbitration Law applies to, among other things, economic disputes involving foreign parties where the parties have entered into a written agreement to submit the matter for arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that before the promulgation of arbitration rules by the China Arbitration Association, the arbitration committee may formulate provisional regulations for arbitration in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. If the parties have reached an arbitration agreement and one party sues the People's Court, the People's Court shall not accept the case, unless the arbitration agreement is invalid.

According to the PRC Arbitration Law and the PRC Civil Procedure Law, arbitration is a one-award, one-final system, which is binding on all parties to the arbitration. If one of the parties fails to comply with the arbitration award, the other party to the award may apply to the People's Court to enforce the arbitration decision. However, if the People's Court forms a collegial panel to review and verify that the arbitration procedure is illegal (including but not limited to where the constitution of the arbitral tribunal or the arbitral proceedings are not in accordance with the statutory procedure, where the arbitral committee is not empowered to arbitrate or where the matter to be decided is outside the scope of the arbitration agreement), the People's Court may rule not to implement the arbitration decision made by the arbitration committee.

When a party requests the enforcement of an arbitral award issued by a Chinese foreign-related arbitration institution, if the person subject to enforcement or his property is not within the territory of the PRC, the party shall apply directly to a foreign court with jurisdiction for recognition and enforcement. Similarly, arbitral awards made by foreign arbitral institutions may be recognised and enforced by Chinese courts in accordance with the principle of reciprocity or any international treaty concluded or acceded to by the PRC.

On 2 December 1986, the Standing Committee of the NPC passed a resolution that the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("**New York Convention**") adopted on 10 June 1958. The New York Convention stipulates that all arbitral awards made by another state party are recognised and enforced by each state party, but that each state reserves the right to refuse recognition and enforcement in certain circumstances, including where recognition or enforcement would be contrary to the public policy of that state. The Standing Committee of the NPC declared at the time of the PRC's accession to the Convention that: (i) the PRC would apply the Convention only to the recognition and enforcement of arbitral awards made in the territory of another contracting state on the basis of the principle of reciprocity; and (ii) the New York Convention would apply only to disputes arising out of what are considered to be contractual or non-contractual commercial legal relationships under the PRC law.

Agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000. The arrangement is made in accordance with the spirit of the New York Convention. According to the arrangement, awards made by mainland arbitration institutions in accordance with the PRC Arbitration Law can be enforced in Hong Kong, and awards made by Hong Kong arbitration institutions in accordance with the Hong Kong Special Administrative Region Arbitration Ordinance can also be enforced in mainland China. Enforcement of an award made by a Hong Kong arbitral institution in the PRC may be refused if a PRC court determines that enforcement of the award in the PRC would be contrary to the public interest of the PRC society, or if a Hong Kong Special Administrative Region (HKSAR) court determines that enforcement of the arbitral award in the HKSAR would be contrary to the public policy of the HKSAR. The Supreme People's Court adopted the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (the "**Supplementary Arrangement**") on 9 November 2020. Under the Supplementary Arrangement, before or after accepting an application for enforcement of an arbitral award, the court concerned may, upon application and in accordance with the law of the place where the arbitral award is to be enforced, take measures of preservation or enforcement.

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated on 25 January 2024 and implemented on 29 January 2024 by the Supreme People's Court, the courts of Hong Kong and the courts of the People's Republic of China mutually recognise and enforce legally binding judgements in civil and commercial cases. Mutually recognised and enforced judgements include monetary judgements and non-monetary judgements, in which the scope of mutually recognised and enforced property payments includes the property determined to be paid by the judgement and the corresponding interest, litigation costs, delay in performance and delay in performance interest (exclusive of taxes and penalties).

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES

The Company Law of the People's Republic of China (the "**PRC Company Law**") was passed by the Fifth Session of the Standing Committee of the NPC on 29 December 1993 and came into effect on 1 July 1994. It was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023 respectively. The latest amendment to the PRC Company Law was implemented on 1 July 2024.

The Trial Measures promulgated by the China Securities Regulatory Commission on 17 February 2023 became effective on 31 March 2023 and are applicable to the offshore issuance and listing of securities of companies located in the PRC.

The Guidelines on Articles of Association of Listed Companies (the "**Guidelines**") issued by the CSRC on 16 December 1997, which was last amended on 15 December 2023 and became effective on the same date, provide guidance on the articles of association of companies. Therefore, the contents stipulated in the Guidelines have been included in the Company's Articles of Association, the summary of which is set out in the section "Appendix 7 – Summary of Articles of Association" of this prospectus.

The following is a summary of the principal provisions of the PRC Company Law, Trial Measures and Guidelines applicable to the Company.

General

A joint-stock limited liability company refers to a corporate legal person established in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must have domicile in the PRC. Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and regulations, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

For a company incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the company registration authority. The promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary property shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory committee shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with the company registration authority, and other documents as required by the law or administrative regulations. It shall not raise capital from others before the promoters fully pay the capital subscribed by them; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the company registration authority.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall 15 days before the meeting notify all subscribers or make a public announcement of the date of the inaugural meeting.

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall authorise representatives to apply for registration with the company registration authority. The company is formally established and has the status of a legal person after the approval for registration has been given and a business licence has been issued by the relevant registration authority. Where after the incorporation of a company, a promoter fails to pay in full the subscription moneys in accordance with the provisions of the company's articles of association, he shall pay them in full and the other promoters shall bear joint and several liability. Where it is discovered that the actual evaluation of the non-currency property used as capital contributions for the incorporation of the company is obviously less than the evaluation prescribed by the company's articles of association, the promoters shall make up the difference; and the other promoters shall bear joint and several liability.

If the shares required to be issued at the time of the establishment of a company are not fully subscribed, or if, after the full payment for the issued shares, the promoters fail to convene an establishment meeting within 30 days, any subscriber may demand the promoters to refund their subscriptions, plus the interest calculated based on the bank interest rate for the corresponding period.

Share Capital

The promoters may make capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out in accordance with the laws or administrative regulations on valuation without any over-valuation or under-valuation.

Shares shall be issued in a fair and equitable manner. The same class of shares must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by a subscriber, an entity or an individual, and shall be equal to or greater than the nominal value of the share and shall not be less than the nominal value.

A PRC domestic company must file a report with the China Securities Regulatory Commission before it can offer its shares to the public overseas. According to the Trial Measures, the target investors of overseas offerings by domestic companies should be foreign investors, unless otherwise provided for in the Trial Measures or by the state.

Increase of Share Capital

According to the PRC Company Law, if a company proposes to issue new shares, resolutions shall be passed at a Shareholders' general meeting in accordance with the articles of association to determine the class, amount and issue price of the new shares.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the PRC Securities Law provides that the company shall:

(i) have a sound organisational structure with satisfactory operating record;

(ii) the company is a going concern;

(iii) the auditors have issued an unqualified audit report on the financial and accounting documents of the company for the past three years;

(iv) the company and its controlling shareholders and de facto controllers have not had any criminal records in the past three years in relation to corruption, bribery, embezzlement, misappropriation of assets and breach of socialist market economic order; and

(v) other requirements as prescribed by the securities regulatory authority of the State Council approved by the State Council.

Pursuant to the PRC Company Law, when the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, a company must change its registration with the company registration authority and issue a public notice accordingly.

Decrease of Share Capital

A Company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law of the PRC:

(i) the Company shall prepare a balance sheet and an inventory of assets;

(ii) the reduction of registered capital must be approved by shareholders at a general meeting;

(iii) the Company shall inform its creditors of the reduction in registered capital within ten (10) days and publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System of the reduction within thirty (30) days after the resolution approving the reduction of registered capital has been passed;

(iv) the creditors of the Company may within the statutory prescribed time limit require the Company to pay its debts or provide guarantees covering the debts; the creditors of the Company shall, within thirty (30) days since the date of receiving a written notice or within forty-five (45) days since the date of the announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee; and

(v) the Company must apply to the company's registration authority for the registration of the reduction in registered capital.

Repurchase of Shares

The Company may not acquire shares in the Company. However, except in one of the following conditions:

(1) reduction of the Company's registered capital;

(2) merging with other companies that hold shares of the Company;

(3) using the shares for employee stock ownership plans or equity incentives;

(4) shareholders dissent from the company's merger or division resolution made by the general meeting of shareholders and require the company to acquire their shares;

(5) use of shares to convert corporate bonds issued by listed companies;

(6) when it is necessary for listed companies to maintain the company's value and shareholders' rights.

Any acquisition of the Company's shares by the Company under the circumstances set forth in conditions (1) and (2) of the preceding paragraph shall be resolved by the shareholders in general meeting; any acquisition of the Company's shares by the Company under the circumstances set forth in conditions (3), (5), and (6) of the preceding paragraph may be resolved by the Board of Directors at a meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association of the Company or the authorisation of the shareholders in general meeting.

After a company acquires shares of the Company in accordance with the provisions of paragraph 1 of this Article, in the case of condition (1), the shares shall be cancelled within ten days from the date of acquisition; in the case of conditions (2) and (4), the shares shall be transferred or cancelled within six months. In the case of conditions (3), (5) and (6), the number of shares of the Company held by the Company in the aggregate shall not exceed ten percent of the total number of issued shares of the Company, and shall be transferred or cancelled within three years.

Where a listed company acquires shares of the Company, it shall fulfil its information disclosure obligations. The acquisition of the Company's shares by a listed company under the circumstances stipulated in items (3), (5) and (6) shall be carried out through open and centralised trading.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations. According to the PRC Company Law, a shareholder may transfer his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Stocks may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any otherwise stipulated legal provisions on the registration of changes in the share register of listed companies.

According to the PRC Company Law, Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Where any laws, administrative regulations, or the securities regulatory authority under the State Council have other provisions regarding the transfer of shares of a listed company by its shareholders or actual controllers, those provisions shall prevail. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Articles Guidelines, the rights of holders of ordinary shares of a joint stock limited company include the rights:

(1) to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting rights;

(2) to transfer the shares according to the laws and administrative regulations and the articles of association;

(3) to inspect the articles of association, shareholder register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports and to make suggestions or inquiries in respect of the company's operations;

(4) to petition the people's court to revoke any resolution passed at a shareholders' general meeting or a meeting of board of directors any contents of which is in violation of the articles of association;

(5) to receive dividends and other types of interest distributing in respect of the number of shares held;

(6) to receive residual properties of the company in proportion to their shareholdings upon the terminating or liquidation of the company; and

(7) any other shareholders' rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in laws, administrative regulations, regulatory documents and the articles of association.

Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory board;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

The shareholders' meeting may authorise the board of directors to make resolutions regarding the issuance of corporate bonds.

The general meeting of shareholders shall be held annually. Under any of the following circumstances, an extraordinary general meeting of shareholders shall be held within two months:

(1) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the articles of association of the company;

(2) the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;

(3) as requested by a shareholder holding, or shareholders holding in aggregate, more than 10% of the shares of the company;

(4) when deemed necessary by the board of directors;

(5) as suggested by the board of supervisors; or

(6) other matters required by the articles of association of the company.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman cannot or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman cannot or does not perform his/her duties, a director nominated by more than half of the directors shall preside over the meeting. Where the board of directors cannot or does not perform its duties to convene the shareholders' general meeting, the supervisory board shall convene and preside over such meeting in a timely manner. If the supervisory board fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 consecutive days or more may unilaterally convene and preside over a shareholders' general meeting.

In accordance with the PRC Company Law, a notice of shareholders' general meeting stating the date and venue thereof and the matters to be considered thereat shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Under the PRC Company Law, a single shareholder who holds, or several shareholders who jointly hold, 1% or more of the shares of the company may submit an interim proposal in writing to the board of directors 10 days before the general meeting is held. The board of directors shall, within two days upon receipt of the proposal, notify the other shareholders, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made.

The general meeting shall not make resolutions on matters that are not clearly listed in the notices given to the shareholders.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, except for shareholders of non-ordinary shares, save that shares held by the company are not entitled to any voting rights.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Minutes shall be prepared in respect of matters considered at the shareholders' general meeting, and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and proxy forms.

The Board of Directors

The board of directors of a company shall consist of three or more members, and may include employee representatives among them. In the case of a company with three hundred or more employees, except when a board of supervisors has been established including a number of employee representatives among its members as required by law, the company's board of directors shall include employee representatives among its members. An employee representative on the board of directors shall be elected by the company's employees through the employee representative assembly, employee assembly, or other forms of democratic elections. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors exercises the following powers:

(1) to convene a general meeting and submit a work report to such meeting;

(2) to implement the resolutions passed by shareholders in a general meeting;

(3) to decide on the operation plan and investment scheme of the Company;

(4) to prepare the profit distribution plan and loss recovery plan of the Company;

(5) to prepare the plan for the Company to increase or reduce its registered capital and plans of issuance of bonds of the Company;

(6) to formulate plans for merger, division, dissolution or change of the form of the Company;

(7) to decide on the establishment of the internal management organisations of the Company;

(8) to decide on the appointment or dismissal of the manager of the Company and his/her remuneration matters, and decide on the appointment or dismissal of the Company's deputy general manager, financial director and their remuneration matters based on the manager's nomination;

(9) to establish a basic management system of the Company; and

(10) to exercise any other authority stipulated in Articles of Association of the Company or granted by the shareholders' meeting.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation that his/her representative has. The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting.

If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association of the Company and decisions of general meetings, and the Company suffers material losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

Under the PRC Company Law, the following persons may not serve as a director of a company:

(i) a person who is unable or has limited ability to undertake any civil liabilities;

(ii) a person who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment was completed, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into in solvent 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 bankruptcy and liquidation of the company or enterprise;

(iv) Any former legal representative of a company or enterprise which has had its business licence revoked or been ordered to shut down due to any violation of the law, and where the individual was personally responsible for the situation, and three years have not elapsed since the date of revocation of business licence or shutdown order; and

(v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

A company may, as stipulated in its articles of association, establish an audit committee within the board of directors composed of directors to exercise the functions and powers prescribed for the board of supervisors by this Law, without establishing a board of supervisor or supervisor.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise the following powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated any laws, regulations, the articles of association or shareholders' resolutions;

(3) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors. The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorised by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence.

Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors, supervisors and senior management are prohibited from:

(i) embezzling company property or misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) personally accepting commissions on transactions to which the company is a party;

(iv) unauthorised divulgence of confidential information of the company; and

(v) other acts in violation of their duty of loyalty to the company.

Income generated by directors, supervisors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for over 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory board violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company. Such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. If losses are caused to the company, shareholder(s) and responsible directors, supervisors and senior management shall be liable for compensation. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium received from the issuance of shares by the company at a price exceeding the face value of the stocks, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items stipulated by the finance authority under the State Council to be included in the capital reserve, shall be included in the capital reserve. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. When using a company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

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' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dividend

In certain circumstances, the company is entitled to deduct in advance from any dividends or other distributions payable to the shareholders and to pay to the relevant tax authorities any tax payable under the laws of the PRC. Under Hong Kong law, the statute of limitations for the recovery of debts (including the recovery of dividends) is six years, while under the PRC law the statute of limitations is three years. The company shall not exercise its right to forfeit any unclaimed dividends on the shares until the applicable statute of limitations has expired.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' general meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business licence of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of the company, on the grounds that the operations and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In cases where a company falls under the circumstances specified in subparagraph (1) or (2) above and has not yet distributed its assets to shareholders, it may continue its existence by amending its articles of association or by resolution of the shareholders' meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court and request the court to appoint relevant personnel to form a liquidation committee to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise the following powers during the liquidation:

(1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with the company's outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to allocate the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures. The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall, in making his claim, state all matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to the shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before settlements are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people' s court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to perform their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

According to the Trial Measures, if an issuer makes an initial public offering or listing abroad, the issuer shall file the application for listing with the CSRC within three business days after submitting the application for listing to the competent authorities of the foreign country.

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare their respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, demand the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors in respect of the settlement of debts, the liabilities of the company which have accrued prior to such division shall be jointly borne by the separated companies.

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange.

SHARES

All the shares issued by the Company are ordinary shares.

Shares issued by the Company are denominated in RMB with a nominal value of RMB1 per share.

The Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing for the Shares shall pay the same price for each Share.

Increase, Reduction and Repurchase of Shares

Increase of Capital

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to respective resolution of the general meeting, by any of the following methods:

(1) a public offering of shares;

(2) a private placement of shares;

(3) allotment of bonus shares to existing shareholders;

(4) conversion of reserve funds to share capital;

(5) other methods stipulated by laws, regulations, departmental rules and relevant regulatory documents.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law, the Listing Rules and other relevant regulations, as well as the procedures stipulated in the Articles of Association.

Repurchase of Shares

The Company shall not acquired the Shares of the Company with one of the following exceptions:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies that hold shares in the Company;

(3) to use the shares for employee shareholding schemes or as share incentives;

(4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

(5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company; or

(6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

Transfer of Shares

Shares of the Company can be transferred legally.

The Company shall not accept Shares of the Company as the subject of pledges.

SHAREHOLDERS AND GENERAL MEETING

The Company shall, on the basis of the certificates provided by the securities registration authority, establish a register of members, which is a sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class of shares he/she holds; shareholders holding the same class of shares shall have the same rights and assume the same obligations.

When the Company intends to convene a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholders' identity, the Board of Directors or the convenor of a general meeting shall determine an equity record date, and shareholders registered on the register of members after the close of market on such date shall be the shareholders entitled to the relevant rights and interests.

Shareholders of the Company shall enjoy the following rights:

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to apply legally for, convene, preside, attend or appoint shareholders' proxies to attend general meetings and to exercise the corresponding right of speak and right to vote (except in cases where the shareholder is required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's shares are listed);

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;

(4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(5) the right to inspect the Articles of Association, the register of members, corporate bond stubs of the Company, the minutes of general meetings, resolutions of the meeting of the Board of Directors and resolutions of meeting of the Board of Supervisors, and financial and accounting report;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase their shares;

(8) such other rights conferred by laws, administrative regulations, department rules, or the Articles of Association.

The Hong Kong branch of the register of shareholders must be available for inspection by shareholders, but the Company can be allowed to suspend the shareholders registration in accordance with the terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). That is, after giving notice by the Company, the register, or that part of the register relating to the holding of any shareholder, can be closed for one or more periods, but the total period of closure shall not exceed 30 days within any one year.

Shareholders of the Company shall have the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to return shares unless prescribed otherwise in laws and regulations;

(4) 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 harm the interests of the Company's creditors;

(5) to assume other obligations required by laws, administrative regulations, and the Articles of Association.

General Rules for the General Meeting

The general meeting is the organ of the authority of the Company and shall exercise the following functions and powers:

(1) to decide on the operating policies and investment plans of the Company;

(2) to elect and replace directors and supervisors who are not employee representatives; and to decide on matters relating to their remuneration;

(3) to review and approve reports of the Board of Directors;

(4) to review and approve reports of the Board of Supervisors;

(5) to review and approve the annual financial budgets and final accounts of the Company;

(6) to review and approve the profit distribution plans and loss recovery plans of the Company;

(7) to adopt resolutions on increasing or reducing the registered capital by the Company;

(8) to adopt resolutions on the issuance of bonds of the Company;

(9) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(10) to amend the Articles of Association;

(11) to adopt resolutions on the engagement or dismissal, or discontinuation of the engagement of accounting firms by the Company and to determine the remuneration of the accounting firm;

(12) to review and approve the guarantees stipulated in Article 43;

(13) to review and approve the purchase or the sale of major assets by the Company within one year, and the amount of which exceeds 30% of the latest audited total assets of the Company;

(14) to review and approve matters relating to the modification of use of raised fund;

(15) to review the share incentives schemes and employee shareholding schemes;

(16) to review other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, department rules, requirements of the listing rules of the stock exchange where the Company's shares are listed, the Listing Rules and the Articles of Association.

Proposals and Notices of General Meetings

The contents of proposals shall fall within the authority of general meetings, have definite topics and specific matters to resolve, and conform to the Laws, administrative regulations and Articles of Association.

Whenever the Company convenes a general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding no less than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

A shareholder alone or shareholders jointly holding no less than 3% of the shares of the Company may submit interim proposals in writing to the convenor ten days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting within two days after receipt of the motion, with such interim proposals announced. The content of such interim proposals shall be within the scope of approval of a shareholders' general meeting, and contains specific subjects and concrete matters for approval.

The convener shall notify all shareholders by way of announcement 21 days before the annual general meeting and shall notify all shareholders by way of announcement 15 days before the extraordinary general meeting. The notification should include the matters to be considered at the meeting and the date and location of the meeting. The date of the meeting shall not be included in the aforesaid period. For the notice given in this Article, the date of issue is the date on which the Company or the share registrar engaged by the Company has served the notice to the postal service.

Notice of the general meeting shall include the following:

(1) the time, venue and duration of the meeting;

(2) subject matters and proposals submitted for consideration and approval on the meeting; Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

(3) contain the full text of any special resolution to be proposed for adoption at the meeting;

(4) specify delivery time and place of the power of attorney for proxy voting at the meeting;

(5) particulars shall be in clear text that all ordinary shareholders are entitled to attend general meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

(6) shareholders are entitled to present on the equity determination date of general meetings;

(7) the record date, the name and telephone number of the convener of the meeting and the permanent contact person of the meeting, of which, the interval between the record date and the meeting date shall not exceed seven (7) trading days, and shall be later than the disclosure time of the announcement; there shall be at least two (2) trading days between the record date of the shareholders' general meeting and the start date of online voting; once the record date is determined, it cannot be changed; the notice of the shareholders' general meeting shall fully and completely disclose the specific content of all proposals, as well as all information and explanations necessary to enable shareholders to make reasonable judgements on the proposed matters;

(8) specify the voting time and voting procedure of online voting or other means if the shareholders' general meeting is held online or other means.

Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights.

Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Where any shareholder shall abstain from voting or be restricted to only vote in favour of or only vote against any individual resolution by applicable laws, regulations and the listing rules of the stock exchange on which the Company' shares are listed, the shareholders' (or their proxies') votes in violation of such requirements or restrictions shall not be counted within the voting results. Decisions of the general meeting on any of the following matters shall be adopted by ordinary resolution:

(1) working reports of the board of directors and the supervisory committee;

(2) the profit distribution plans and loss recovery plans of the Company prepared by the board of directors;

(3) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, their remunerations and the method of payment thereof;

(4) the Company' s annual financial budget plan and final account report, the balance sheets, income statements and other financial statements;

(5) annual report of the Company;

(6) appointment and dismissal of accounting firms that provides regular audit services to the Company and the remuneration of the accounting firm engaged;

(7) issuance of bonds or other securities;

(8) deliberation and approval of the guarantees stipulated in Article 39 of the Articles of Association and related transactions stipulated in Article 40;

(9) Matters other than those that should be passed by a special resolution according to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

(1) The Company increases or decreases its registered capital and issues any kind of stocks, warrants and other similar securities;

(2) Division, merger, dissolution and liquidation of the Company or change of corporate form of the Company;

(3) To amend the Articles of Association;

(4) The Company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the Company's most recent audited total assets;

(5) Equity incentive plan;

(6) Matters that should be passed by a special resolution according to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and/or the Articles of Association, and other matters that need to be passed by special resolutions that are determined by the general resolution of the general meeting of shareholders to have a significant impact on the Company.

At any time when the shares of the Company comprise of shares of different classes, a special resolution of the Company's shareholders of the class to which the rights are attached shall be required to approve a change to those rights.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting of shareholders. Subject to compliance with the relevant provisions of laws and administrative regulations, the general meeting of shareholders may remove any director whose tenure has not expired by ordinary resolutions (without prejudice to any claim which might be put forward in accordance with any contract). The term of office of a director shall be three years, and he/she may serve consecutive terms if re-elected upon the expiration of his/her term of office. The term of office of a director is three years, subject to the circumstance as set out in the second provision of this article. However, if an independent non-executive director has served for a term of more than nine years, it shall continue in office after performing the relevant deliberation procedures in accordance with the requirements of the listing rules in the place where the Company's shares are listed.

Directors shall be elected or replaced at the general meeting and may be removed from office before the expiration of the term of office by a general meeting. Each director shall serve a term of three years, except for the circumstances specified in paragraph 2 of this article.

Upon expiry of a director, a director shall be eligible for re-election and re-appointment. The term of office of a director shall commence on the date of taking office and end on the expiration of the term of the current session of the Board. If a director is not re-elected in a timely manner upon the expiration of his term of office, the former director shall perform his duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association before the re-elected director takes office.

The directors may be held concurrently by the manager or other senior management members, but the total number of directors who concurrently hold the positions of manager or other senior management and the directors who are serving as employee representatives shall not exceed one-half of the total number of directors of the Company.

Without violation of relevant laws, administrative regulations and the regulatory rules in the place where the Company's shares are listed, any director appointed by the board of directors to fill a casual vacancy to the board of directors shall hold its office until the first general meeting after accepting the appointment, and shall then be eligible for re-election.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to the Company:

(1) shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of the Company;

(2) shall not misappropriate the Company's funds;

(3) shall not open an account for depositing the Company's assets or funds in its own name or in the name of another individual;

(4) shall not violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees for others with the Company's property without the consent of a general meeting or the Board of Directors;

(5) shall not enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of a general meeting;

(6) without the consent of a general meeting, he/she shall not take advantage of his position to seek business opportunities for himself or others that should belong to the Company, or to operate the same kind of business as that of the Company for himself or for others;

(7) shall not accept commissions as theirs' from transactions conducted with the Company;

(8) shall not disclose the Company's secrets without authorisation;

(9) shall not make use of the affiliated relationship to prejudice the interests of the Company;

(10) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by a director from violation of the provisions of the article shall belong to the Company; for any resulting loss to the Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to the Company:

(1) act honestly and in good faith in the interests of the Company as a whole;

(2) act for proper purpose;

(3) be accountable to the listed issuer for the application or misapplication of its assets;

(4) avoid actual and potential conflicts of interest and conflicts in duty;

(5) disclose fully and fairly his interests in contracts with the listed issuer;

(6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office as a Director of the listed issuer;

(7) the Company shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business licence;

(8) all shareholders shall be treated fairly;

(9) keep abreast of the Company's business operation and management;

(10) a written confirmation of the Company's periodic reports shall be signed to ensure that the information disclosed by the Company is true, accurate and complete;

(11) the Board of Supervisors shall truthfully provide relevant information and materials to the Board of Supervisors, and shall not hinder the Board of Supervisors or the Supervisors from exercising their powers;

(12) other diligence obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Board of Directors

The Company shall set up a board of directors, which is accountable to the general meetings.

The Board of Directors shall consist of six directors, including one chairman.

The Board of Directors exercise the following functions and powers:

(1) to convene general meetings and report to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans on making up losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

(7) to formulate plans for the Company's major acquisition and disposal, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorisation by the general meeting;

(9) to decide on establishment of internal management organs of the Company;

(10) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and to decide on matters over the remunerations and rewards and punishments thereof; and to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management as well as their remunerations and rewards and punishments according to the nomination of the general manager;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals to amend the Articles of Association;

(13) to manage the disclosure of the Company's information;

(14) to propose to the general meeting the appointment or replacement of the accounting firm that audits for the Company;

(15) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company;

(16) to consider and approve (1) share transactions with all percentage ratios of less than 5% and the consideration including shares to be issued for listing (including one-off transactions and a series of transactions that require a combined calculation of the percentage ratios); (2) disclosable transactions with all percentage ratios of 5% or more but less than 25% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios); and (3) partially exempt connected transactions and non-exempt connected transactions with all percentage ratios (except profits ratio) of higher than 0.1% but lower than 5% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios), calculated in accordance with the percentage ratio requirements of Rule 14.07 of the Listing Rules;

(17) determining the major matters and administrative affairs other than those which shall be resolved by the shareholders' general meeting of the Company as required by laws, administrative regulations, departmental rules, the Articles of Association and listing rules of the exchange in place in which the shares of the Company are listed, and entering into other important agreements;

(18) any other functions and powers accorded by laws, administrative regulations, departmental rules or the Articles of Association.

The Board of Directors shall establish the Audit Committee and may establish the Nomination Committee, the Remuneration and Appraisal Committee, and other relevant special committees as needed.

Matters beyond the scope authorised by the general meeting shall be submitted to the general meeting for consideration and review.

Meetings of the board of directors may be held only if more than one half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all directors.

Vote on Board of Directors resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he/she shall not exercise his/her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager, who shall be appointed or dismissed by the Board of Directors.

The general manager, deputy general manager, financial officer and secretary to the Board of Directors are senior management members of the Company.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(2) to organise the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management organisation;

(4) to draft the Company's basic management system;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors appointment or dismissal of deputy general manager and chief financial officer of the Company;

(7) to appoint or dismiss responsible management personnel other than those required to be appointed or dismissed by the Board of Directors;

(8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall be present at the meetings of the Board of Directors.

The Company shall have one Chief Financial Officer who shall be appointed or dismissed by the Board of Directors upon recommendation by the general manager.

The Chief Financial Officer is in charge of the Company's financial affairs and manages and monitors the Company's financial activities.

The Chief Financial Officer shall abide by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall have one secretary to the Board of Directors who shall be appointed or dismissed by the Board of Directors.

The primary responsibilities of the secretary to the Board of Directors include preparing general meetings and board meetings of the Company, maintaining documents and managing shareholder information of the Company, and handling the information disclosure.

The secretary to the Board of Directors shall abide by the laws, administrative regulations, departmental rules and the Articles of Association.

BOARD OF SUPERVISORS

The Company shall establish a Board of Supervisors. The Board of Supervisors is responsible to all shareholders.

The Board of Supervisors shall consist of three supervisors, including one employee representative supervisors.

The Board of Supervisors shall compose of shareholders' representatives supervisors and employee representatives supervisors. The shareholders' representatives supervisors shall be elected and removed by the general meeting, and the employee representatives supervisors shall be no less than one third of the membership, and democratically elected and removed by the Company's employees.

The Board of Supervisors shall exercise the following functions and powers:

(1) to review and give written opinions on the Company's periodic reports prepared by the Board of Directors;

(2) to examine the Company's financial matters;

(3) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(4) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(5) to propose the convening of extraordinary general meetings and to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings as stipulated in the Company Law;

(6) to submit proposals to the general meetings;

(7) to file lawsuits against directors and senior management on behalf of the Company in accordance with Article 151 of the Company Law;

(8) in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities. The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

Profit Distribution

(1) Principles of profit distribution

The Company implements an active profit distribution policy, which focuses on investors' reasonable investment return while maintaining sustainable development of the Company. Profit distribution policy should maintain continuity and stability. The Company may distribute profits in cash, shares or a combination of cash and shares, but the profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.

(2) Decision-making procedures and mechanisms for profit distribution

1. The annual profit distribution proposal of the Company shall be put forth by the Board in accordance with the Company's profitability, capital supple and demand situation, When the Board of Directors considers a specific plan of cash dividend distribution, the Board of Directors shall carefully study and demonstrate, among other things, the timing, conditions and minimum proportion, adjustment conditions and decision-making procedure requirements for the cash dividend distribution, and the independent directors shall review the profit distribution plan and express clear opinions, and submit it to the shareholders' general meeting for review after the approval of the Board of Directors.

2. Where the Board of Directors of the Company proposes a plan not to implement profit distribution or implement a profit distribution plan that does not include cash distribution, the Board of Directors shall disclose in regular reports the reasons for not implementing profit distribution or implementing a profit distribution plan that does not include cash distribution, and independent directors should express independent opinions on such matters. The Company's undistributed profits for the relevant year shall be used to meet the Company's normal production operations and long-term development needs.

(3) Policies of profit distribution of the Company

1. Profit distribution principles: the Company implements an active profit distribution policy, which focuses on investors' reasonable investment return while maintaining sustainable development of the Company. Profit distribution policy should maintain continuity and stability.

2. Form of the profit distribution: the Company may distribute profits in cash, shares or a combination of cash and shares, and may pay cash dividends where the conditions for cash dividends are met.

3. Dividend distribution cycle: in principle, the Company should distribute profits at least once a year. The Board of Directors of the Company may propose the Company's mid-term profit distribution and special profit distribution based on the Company's profit and capital needs and submit it to the shareholders' general meeting of the Company for approval.

4. Conditions for cash dividends: the Company made profits in the previous fiscal year, and the accumulated distributable profits are positive. If the capital needs of the Company for normal production and operations are met, the Company should distribute cash dividends.

If stock dividends are used for profit distribution, the Board of Directors of the Company needs to explain the reasonable factors for using stock dividends for profit distribution.

(4) The profit distribution policy of the Company shall remain consistent and stable. If the Company needs to adjust its profit distribution policy due to significant changes in external operating environment or its own operation, for the purpose of protecting the interests of the shareholders, and it shall be studied and proved by the board of directors and the supervisory committee of the Company and propose a proposal at the general meeting that discuss and explain the reasons in details by combing industry competition, financial condition of the Company, capital requirements and planning of the Company, etc. The proposal of adjusting profit distribution policy shall be proposed to the general meeting of the Company for consideration after consideration at the board of directors of the Company and review by the supervisory committee, and independent directors shall express opinions in this regard. The adjusted profit distribution policy shall not contravene the relevant requirements under the CSRC and the stock exchanges where the Company are listed.

(5) If capital funds of the Company have been utilised by shareholders in violation of regulations, the Company should deduct the dividends payable to such shareholders to recover the utilised funds.

Internal Auditing

The Company implements an internal audit system and is equipped with full-time auditors to conduct internal audit supervision on the Company's financial revenue and expenditures and economic activities.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger and Division of the Company

In a merger of companies, the Company shall execute a merger agreement and prepare the balance sheet and property list. The Company shall notify their creditors within ten days of adopting merger resolutions, and shall publish announcements in an information disclosure newspaper designated by the Company and recognised by the stock exchange where the Company's stocks are listed within 30 days. Creditors shall be entitled to claim full repayment of all debts owed by the Company or require that appropriate assurances to be provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor does not receive the notice.

If the company is to be divided, its assets shall be divided accordingly.

In a division of the company, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within ten days of the date on which the division resolution is adopted, and shall publish announcements in an information disclosure newspaper designated by the Company within 30 days.

Dissolution and Liquidation of the Company

The Company shall be dissolved and conduct liquidation in accordance with the law under any of the following circumstances:

(1) the term of business operation expires as specified by the Articles of Association or other matters leading to dissolution occur as specified by the Articles of Association;

(2) the general meeting resolves to dissolve;

(3) dissolution is necessary as a result of the merger or division of the Company;

(4) the Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;

(5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this prospectus received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the property interest of the property as at 30 April 2025.

Peak Vision
Appraisals Limited

Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

30 May 2025

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd.
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian Province
the People's Republic of China

Dear Sirs,

Re: Property interest of an industrial complex located at No. 88, Tonghui South Road, Tong'an District, Xiamen City, Fujian Province, the People's Republic of China

In accordance with the instruction from Rongta Technology (Xiamen) Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") for us to value the property interest of the property located in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 April 2025 (the "**Valuation Date**") for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

According to the legal opinion of the property prepared by Tenet & Partners, the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), the property is under seizure by court and also subject to the restrictions stipulated in the Grant Contract of State-owned Construction Land Use Rights (《國有建設用地使用權出讓合同》), and hence there are legal obstacles to transfer the property. Therefore, we have attributed no commercial value as at the Valuation Date to the property due to the seizure by court and the restrictions on the transferability. For details of the legal obstacles, please refer to notes (iii)(k) and (iv)(c)(d)(e) of the property valuation report below.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Group with copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by the PRC Legal Adviser, regarding the title to the property.

The property was inspected during January 2025 by Mr. Nick C. L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreements, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the "**HKIS**"), the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the "**RICS**") and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Group during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP),
RICS Registered Valuer, MCIREA
Director

Chern Sung Lee
CFA, CPA, MRICS, RICS Registered Valuer
Director

Notes:

(1) Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.

(2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2025
An industrial complex located at No. 88, Tonghui South Road, Tong'an District, Xiamen City, Fujian Province, the PRC	The property comprises an industrial complex, erected on an irregular shaped parcel of land (lot no. T2019G07-G) with a registered site area of approximately 18,801.24 sq.m. It is bounded by Chiping Road, Tonghui South Road and Jilong Road within Tong'an District, Xiamen City. The buildings of the industrial complex include 5 blocks of 1 to 12-storey buildings (including 1-storey basement) used as guard room, factory building and complex building having a total gross floor area of approximately 57,917.62 sq.m. (including basement area), all completed in about 2022. Details of the gross floor area breakdown are set out in Note (ii) below. The land use rights of the property have been granted for a term expiring on 31 December 2069 for industrial use.	As advised by the Group, as at the Valuation Date, portion of level 2 of the building no.2 and the whole of building no.3 of the property with a total gross floor area of approximately 23,642.45 sq.m. were subject to various tenancies yielding a total monthly rental of RMB440,107 inclusive of tax and management fee with the latest tenancy expiring on 31 October 2028. The remaining portion of the property was either vacant or owner-occupied.	No commercial value *(See Notes (iv) and (v) below)*

Notes:

(i) Pursuant to the Real Estate Title Certificate No. Min (2020) Xiamen Shi Bu Dong Chan Quan Di 0012595 issued by Xiamen City Natural Resources and Planning Bureau (the "**Bureau**") dated 26 March 2020, the land use rights of the property have been granted to Rongta Technology (Xiamen) Group Co., Ltd. ("**Rongta (Xiamen)**") with a registered site area of approximately 18,801.24 sq.m. for a term expiring on 31 December 2069 for industrial use. (Remark: If the land use rights are to be transferred, mortgaged or leased, they must be executed in accordance with the relevant conditions stated in the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053.) *(See Note (iii) (k) below)*

(ii) Pursuant to 5 Real Estate Title Certificates issued by the Bureau all dated 24 April 2022, the building ownership of the property, having a total gross floor area of approximately 57,917.62 sq.m. (including basement area), are vested in Rongta (Xiamen) and the land use rights of the property, having a registered site area of approximately 18,801.24 sq.m. have been granted for a term expiring on 31 December 2069 for industrial use. (Remark: If the land use rights are to be transferred, mortgaged or leased, they must be executed in accordance with the relevant conditions stated in the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053.) *(See Note (iii) (k) below)* Details of the certificates are summarised as follows:

Certificate No.	**Building**	**No. of Storey**	**Approximate Gross Floor Area** *(sq.m.)*
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031751	Guard room	1	19.50
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031761	Guard room	1	8.43
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031769	Factory building (Building No. 2)	8	22,534.31
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031776	Factory building (Building No. 3)	8	22,524.45
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031807	Complex building	12 (including 1-storey basement)	12,830.93
		Total:	57,917.62

(iii) Pursuant to the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053 (the "**Grant Contract**") entered into between the Bureau and Rongta (Xiamen) on 31 December 2019, the Bureau agreed to grant the land use rights of the property to Rongta (Xiamen). The salient conditions stipulated in the said contract are summarised as follows:

(a)	Lot no.	:	T2019G07-G
(b)	Site area	:	18,801.221 sq.m.
(c)	Location	:	Northeastern side of the intersection between Jilong Road and Tonghui South Road, Industrial Concentration Zone, Tong'an District
(d)	Land use	:	industrial use
(e)	Land use term	:	50 years
(f)	Land grant consideration	:	RMB8,050,000
(g)	Plot ratio	:	not less than 45,100 sq.m and not exceeding 56,400 sq.m.
(h)	Site coverage	:	not less than 40%
(i)	Greenery ratio	:	not more than 20%

(j)	Construction period	:	construction work to be commenced before 30 September 2020 and completed before 30 September 2022
(k)	Restrictions	:	In accordance with Article 23 of the Grant Contract, Rongta (Xiamen) is required to hold the property as a unified whole upon receiving the Real Estate Title Certificates and is prohibited from transfer and subdivide the property for mortgage. In the event that Rongta (Xiamen) is unable to sustain operation due to bad management or mortgage the whole property, liquidate, or vacate from the property so have to transfer the State-owned Land Use Rights, or Rongta (Xiamen) is unable to complete the rectification of underutilised land, the property shall be repurchased by the People's Government of Tong'an District, Xiamen City. The repurchase price of the land use rights of the property shall be determined in accordance with the original transfer price and the remaining term of the land use rights. The repurchase price of the buildings of the property shall be determined by the depreciated replacement cost method.

(iv) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, inter alia, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

(a) The state-owned land use rights and building ownership of the property are legally held by Rongta (Xiamen). Rongta (Xiamen) is entitled to use the property in accordance with its designated legal usage purpose;

(b) The property is subject to mortgage in favour of Agricultural Bank of China Xiamen Financial Centre Sub-branch and Industrial Bank Xiamen Branch and seizure related restrictions;

(c) The transfer of the property which is under seizure, the imposition of encumbrances, or any other acts of Rongta (Xiamen) is not exercisable against the applicant for the enforcement. If Rongta (Xiamen) disposes the property which is under seizure, detention or frozen without authorisation, the court reserves the right to order the responsible party to recover the property or liable for the corresponding compensation liability within a specific period;

(d) The preservation measure involving the property is a remedy applied either before or during judicial proceedings to secure assets, and it does not prejudge the final outcome of the case. Even if legal proceedings are initiated, they will entail a protracted litigation process. Based on practical judicial experience, courts may require at least 12 months to render an enforceable judgment.

(e) In addition to the aforementioned restrictions/constraints, the transfer of the property by Rongta (Xiamen) is subject to the relevant restrictions stipulated in Article 23 of the Grant Contract.

(v) According to the legal opinion prepared by the PRC Legal Adviser, as at the Valuation Date, the property was under seizure by court and also subject to the restrictions stipulated on the Grant Contract, and hence there are legal obstacles to transfer the property. Therefore, we have attributed no commercial value as at the Valuation Date to the property due to the seizure by court and the restrictions on the transferability.

We were also instructed by the Group to conduct valuation of the property based on the special assumption assuming that the property was not under seizure by court and shall be repurchased by the People's Government of Tong'an District, Xiamen City as at the Valuation Date. The repurchase price of the land use rights of the property shall be determined in accordance with the original transfer price and the remaining term of the land use rights and the repurchase price of the buildings of the property shall be assessed by the depreciated replacement cost ("**DRC**") method as stipulated in the Grant Contract. The DRC method is based on an estimate of the costs to reproduce or replace in new condition the buildings being valued in accordance with current construction costs for similar buildings in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. Based on the valuation method employed and on the special assumption adopted, we are of the opinion that the repurchase price of the property as at the Valuation Date was in the sum of RMB143,880,000.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company, formerly known as Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司), was established in the PRC on 20 December 2010. On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司). Our registered office is located at Rongda Science and Technology Park, No.88 Tonghui South Road, Tong'an District, Xiamen, Fujian Province, the PRC.

Our Company has established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 19 March 2024. Our Company has appointed Ms. Kwok Yin Ting and Ms. Siow Yuet Chew Grace as its authorised representatives under the Companies Ordinance for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company is incorporated in the PRC, we are subject to relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendices IV and V to this prospectus.

2. Changes in the registered share capital of our Company

Our Company was established as a limited liability company in the PRC on 20 December 2010 with an initial registered capital of RMB1 million. On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability. Upon completion of such conversion, the registered capital of our Company was RMB30,000,000 divided into 30,000,000 Shares with a nominal value of RMB1.00 each.

The following sets out the changes in the share capital of our Company within the two years immediately preceding the date of this prospectus:

On 15 June 2023, our registered capital was increased from RMB32,732,800 to RMB80,000,000 divided into 80,000,000 Shares.

On 14 March 2024, our registered capital was reduced to RMB76,333,000 divided into 76,333,000 Shares.

Upon the completion of the Global Offering, the issued share capital of our Company will be increased to RMB94,733,000, made up of 94,733,000 H Shares with a nominal value of RMB1.00 each fully paid up or credited as fully paid up.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

3. Shareholders' Resolutions of our Company

Pursuant to the general meetings held on 10 April 2024 and 26 May 2025, the following resolutions, among others, were duly passed by our Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.0 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not be more than 25,450,000 H Shares 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 the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on Listing Date;

(d) upon completion of the Listing, the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares (including any sales or transfer of the treasury Shares out of treasury) in issue as at the Listing Date;

(e) subject to the completion of the Global Offering, the granting of a general mandate to the Board to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued Shares (excluding any treasury Shares) as at the date of the resolution granting the general mandate; and

(f) authorisation of the Board and its authorised persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares on the Stock Exchange.

4. Changes in the registered capital of our subsidiaries

The list of our principal subsidiaries is set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in the share capital of any of our principal subsidiaries within the two years immediately preceding the date of this prospectus.

5. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to the sections headed "Appendix III – Taxation and Foreign Exchange" and "Appendix V – Summary of Articles of Association" in this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. 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, which are or may be material:

(a) Deed of Indemnity;

(b) Hong Kong Underwriting Agreement;

(c) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Hongkong Linktech Technology Co., Limited ("**Hongkong Linktech**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Hongkong Linktech agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$10,000,000 (excluding brokerage and levies);

(d) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Cao Ke, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Cao Ke agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$5,000,000 (excluding brokerage and levies);

(e) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Lin Xiaojian, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Lin Xiaojian agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$20,000,000 (excluding brokerage and levies);

(f) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Sinos Group Limited ("**Sinos Group**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Sinos Group agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$10,000,000 (excluding brokerage and levies);

(g) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Li Shuhan, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Li Shuhan agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$2,000,000 (excluding brokerage and levies);

(h) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Main Achieve Holdings Limited ("**Main Achieve**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Main Achieve agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$30,000,000 (excluding brokerage and levies); and

(i) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Ng Chi Fat, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Ng Chi Fat agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$3,300,000 (excluding brokerage and levies).

2. Our Material Intellectual Property Rights

(a) Registered Trademark

(i) As at the Latest Practicable Date, we have registered the following trademarks in the PRC, which we consider to be material to our business:

No.	Trademark	Place of Registration	Trademark Number	Registered owner	Class	Registered Date	Validity Period *(Number of years)*
1	RONGTA	China	53691600	Our Company	10	2021/12/21	10
2	RONGTA	China	21737753	Our Company	42	2018/02/07	10

No.	Trademark	Place of Registration	Trademark Number	Registered owner	Class	Registered Date	Validity Period *(Number of years)*
3	RONGTA容大	China	21739366	Our Company	42	2018/02/07	10
4	RONGTA容大	China	21738301	Our Company	9	2018/02/14	10
5	RT RONGTA	China	21740076	Our Company	42	2018/02/07	10
6	RONGTA	China	21735550	Our Company	9	2018/02/07	10
7	RONGTA容大	China	21738364	Our Company	9	2018/02/07	10
8	容大	China	21690441	Our Company	42	2018/04/07	10
9	容大	China	21689765	Our Company	9	2019/01/07	10
10	容大	China	21690131	Our Company	9	2018/02/07	10
11	RT RONGTA	China	18303441A	Our Company	9	2017/02/07	10
12	RT RONGTA	China	17231067	Our Company	42	2017/09/14	10
13	RONGTA	China	17228846	Our Company	9	2017/09/28	10
14	RT	China	17199880	Our Company	9	2016/10/28	10
15	容大	China	13066423	Our Company	9	2015/08/28	10
16	IMACHINE艾码讯	China	29202706	IMachine	9	2019/08/14	10
17	IMACHINE	China	29216370	IMachine	9	2019/05/14	10
18	艾码讯	China	29216343	IMachine	9	2019/04/21	10
19	艾码讯	China	29221071	IMachine	9	2019/06/28	10

(ii) As at the Latest Practicable Date, we had registered the following trademark in Hong Kong which we consider to be material to our business:

No.	Trademark	Place of Registration	Trademark Number	Registered Owner	Classes	Date of Registration	Validity Period *(Number of years)*
1		Hong Kong	306290604	Our Company	7, 9, 35, 42	2023/07/10	10

(b) Patents

As at the Latest Practicable Date, our Group had registered over 160 patents and we set out below the details of patents registered in the PRC which are material to our Group's business:

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
1	Portable printer (PN81) (便攜打印機(PN81))	Design patent	Our Company	ZL202330651114.2	2023/10/09	15
2	Industrial label printer (RP414) (工業標簽打印機(RP414))	Design patent	Our Company	ZL202330363280.2	2023/6/13	15
3	Receipt printer (H2) (票據打印機(H2))	Design patent	Our Company	ZL202330326457.1	2023/5/30	15
4	Smart data terminal (TK03) (智能數據終端 (TK03))	Design patent	Our Company	ZL202330235629.4	2023/4/25	15
5	A hidden sliding tablet stand and weighing device (一種隱藏式的滑動平板支架以及稱重裝置)	Utility model patent	Our Company	ZL202321414546.2	2023/06/06	10
6	Weighing equipment with electronic insect repelling device (一種內部帶有電子驅蟲裝置的衡器)	Utility model patent	Our Company	ZL202320195286.8	2023/2/13	10

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
7	Smart desktop computer monitor (A2) (智能台式顯示器(A2))	Design patent	Our Company	ZL202330037149.7	2023/2/7	15
8	Portable label printer (一種便攜式的標簽打印機)	Invention patent	Our Company	ZL202111639814.6	2021/12/29	20
9	Printer of adaptable ultra-low temperature (一種可適應超低溫的打印機)	Invention patent	Our Company	ZL202111603975.X	2021/12/24	20
10	Thermal printer structure for preventing curling of paper (一種紙卷反繞曲的熱敏打印機結構)	Utility model patent	Our Company	ZL202121886160.2	2021/8/12	10
11	Thermal printer (AP12) (熱敏打印機(AP12))	Design patent	Our Company	ZL202130276586.5	2021/5/10	10
12	Sprayer cooling mechanism of 3D printer (一種用於3D打印機噴頭散熱機構)	Invention patent	Our Company	ZL202110406179.0	2021/4/15	20
13	Novel thermal printer (一種新型的熱敏打印機)	Invention patent	Our Company	ZL202110136315.9	2021/2/1	20
14	Voice broadcast signal interference suppression circuit and interference suppression method (一種語音播報抑制信號干擾電路及抑制干擾方法)	Invention patent	Our Company	ZL202011579862.6	2020/12/28	20
15	Water-cooled thermal printer (一種水冷的熱敏打印機)	Invention patent	Our Company	ZL202011550736.8	2020/12/24	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
16	Thermosensitive printing structure and installation mode thereof (一種熱敏打印結構及其安裝方式)	Invention patent	Our Company	ZL202011547806.4	2020/12/24	20
17	Cutter assembly suitable for different thicknesses and using method thereof (一種適應不同厚度的切刀組件及其使用方法)	Invention patent	Our Company	ZL202011547834.6	2020/12/24	20
18	Printing paper shortage detection method, device, equipment and storage medium (一種解決打印機缺紙誤判的方法、裝置、設備及存儲介質)	Invention patent	Our Company	ZL202011527080.8	2020/12/22	20
19	Block chain based printer (一種基於區塊鏈的打印機)	Invention patent	Our Company	ZL202011273859.1	2020/11/14	20
20	Dot line compression method of thermal printer (一種熱敏打印機的點行壓縮方法)	Invention patent	Our Company	ZL202010104001.6	2020/2/20	20
21	Printer for high-humidity environment (一種用於高濕度環境的打印機)	Invention patent	Our Company	ZL201911338067.5	2019/12/23	20
22	Smart list printer of adjusting page-width of printing paper (一種智能調節紙寬的面單打印機)	Invention patent	Our Company	ZL201911338158.9	2019/12/23	20
23	Printer of adjusting page-width of printing paper automatically (一種紙寬自動調節的打印機)	Invention patent	Our Company	ZL201911243100.6	2019/12/6	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
24	Energy-saving and self-generating portable printer and use method thereof (一種節能自發電便攜打印機及其使用方法)	Invention patent	Our Company	ZL201910894757.2	2019/9/20	20
25	Novel printer structure (一種新型的打印機結構)	Invention patent	Our Company	ZL201910554686.1	2019/6/25	20
26	Method of barcode label printer to paper automatic identification (一種條碼標簽打印機對紙張自動識別的方法)	Invention patent	Our Company	ZL201910295020.9	2019/4/12	20
27	Electronic scale convenient for client operation (一種便於客戶端操作的電子秤)	Invention patent	Our Company	ZL201811346622.4	2018/11/13	20
28	Fast installation structure of electronic scale (一種用於電子秤的快速安裝結構)	Utility model patent	Our Company	ZL201821863621.2	2018/11/13	10
29	Improved cutter module with separate fixed knife and moving knife (一款定刀和動刀分離式改進型切刀模組)	Utility model patent	Our Company	ZL201820953107.1	2018/6/20	10
30	Cash register scale (RLS1515) (收銀秤(RLS1515))	Design patent	Our Company	ZL201730431266.6	2017/9/12	10
31	High-speed printer core compatible with three kinds of printing papers and dismounting is easy to maintain (一款可兼容三種打印紙且拆裝維護方便的高速打印機芯)	Invention patent	Our Company	ZL201710079075.7	2017/2/14	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
32	High-power printer core with low development cost and dismounting is easy to maintain (一款開發成本低且拆裝維護方便的大馬力打印機芯)	Utility model patent	Our Company	ZL201720131891.3	2017/2/14	10
33	High-Speed printer core compatible with three kinds of printing papers (一款可兼容三種打印紙的高速打印機芯)	Utility model patent	Our Company	ZL201720131892.8	2017/2/14	10
34	Printer (thermal receipt RP80) (打印機(熱敏票據RP80))	Design patent	Our Company	ZL201730004776.5	2017/1/6	10
35	Detecting device of printer with dustproof function (一種具有防塵功能的打印機偵測裝置)	Utility model patent	Our Company	ZL201621055245.5	2016/9/14	10
36	Portable receipt printer (RPP320) (便攜式票據打印機(RPP320))	Design patent	Our Company	ZL201630303430.0	2016/7/5	10
37	Electronic list and receipt printer (RP410) (電子面單票據打印機(RP410))	Design patent	Our Company	ZL201630195641.7	2016/5/23	10
38	Waterproof structure of PDA machine body and PDA machine (一種PDA機身防水結構以及PDA機)	Utility model patent	IMachine	ZL202222418557.X	2022/09/13	10
39	Rotary mechanism of display screen (一種顯示屏旋轉機構)	Utility model patent	IMachine	ZL202222207007.3	2022/08/22	10

(c) Software copyrights

As at the Latest Practicable Date, our Group was the registered proprietor of the following software copyrights in the PRC which we consider to be material to our business:

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
1	SoPrint Document Printing System (iOS Version) [Abbreviation: SoPrint] V1.0 (SoPrint文檔打印系統(iOS版)[簡稱：SoPrint]V1.0)	Our Company	2024SR1940104	2024/11/29	31 December of the 50th year after first publication
2	SoPrint Document Printing System [Abbreviation: SoPrint] V1.0 (SoPrint文檔打印系統[簡稱：SoPrint]V1.0)	Our Company	2024SR1570978	2024/10/21	31 December of the 50th year after first publication
3	PDA Intelligent Handheld Terminal Scanner System (([abbreviation: Scanner System) V1.0]) (PDA智能手持終端掃描頭系統[簡稱：掃描頭系統] V1.0])	Our Company	2022SR1599025	2022/08/03	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
4	Touch AI Label Scale System (Android Version) ([abbreviation: i-Recognization System) V2.4.0]) 觸控AI標簽秤系統(Android版) [簡稱：i識系統]V2.4.0	Our Company	2022SR1347050	Unpublished *(Note)*	31 December of the 50th year after first publication
5	Embedded software system for OpenCPU solution receipt cloud printer based on 4G module [abbreviation: 4G Module OpenCPU Solution Cloud Printer] V1.0 (基於4G模組的OpenCPU方案小票雲打印機嵌入式軟件系統) [簡稱：4G模組OpenCPU方案雲打印機]V1.0	Our Company	2023SR1656360	Unpublished *(Note)*	31 December of the 50th year after first publication
6	Error printer system [abbreviation: Error printer] V1.0 (錯題打印機系統[簡稱：錯題打印機]V1.0)	Our Company	2022SR0920843	Unpublished *(Note)*	31 December of the 50th year after first publication
7	Label printer system [abbreviation: Label printer] V1.0 (標簽打印機系統[簡稱：標簽打印機]V1.0)	Our Company	2022SR0914822	Unpublished *(Note)*	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
8	Laidanbao System (Android Version) [abbreviation: Laidanbao] V1.1.2 (來單寶系統 (Android版) [簡稱：來單寶] V1.1.2)	Our Company	2021SR0321651	2021/01/12	31 December of the 50th year after first publication
9	Rongta cloud tag system (IOS Version) [abbreviation: Rongta cloud tag] V1.7 (容大雲標簽系統(iOS版)[簡稱：容大雲標簽]V1.7)	Our Company	2021SR0325537	2020/01/13	31 December of the 50th year after first publication
10	RLS series barcode label scale equipment-end software V2.000 (RLS系列條碼標簽秤設備端軟件 V2.000)	Our Company	2020SR1717161	2020/11/02	31 December of the 50th year after first publication
11	RLS series barcode label scale PC-end software V2.0 (RLS 系列條碼標簽秤PC 端軟件V2.0)	Our Company	2020SR1717350	2020/11/02	31 December of the 50th year after first publication
12	Rongta cloud tag system (Android Version) V1.0.0 (容大雲標簽系統(Android 版)V1.0.0)	Our Company	2020SR0274871	2020/01/13	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
13	Rongta printing system RTPrinter System (IOS Version) V1.20 (容大打印系統 RTPrinter System(IOS 版)V1.20)	Our Company	2018SR890791	2018/5/11	31 December of the 50th year after first publication

Note: A registered software copyright of a legal entity or other organisation that remains unpublished will expire 50 years after its development completion date.

(d) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names in the PRC which we consider to be material to our business:

Domain name	Registered proprietor	Date of registration	Date of expiration
rongtatech.cn	Our Company	2015.02.12	2028.02.12
rongtatech.com	Our Company	2009.05.31	2026.05.31
xmrongta.com	Our Company	2017.10.16	2026.10.16
rongtayun.com	Our Company	2019.08.01	2026.08.01

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

1. Particulars of Directors' and Supervisors' Contracts

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws of regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors and Supervisors

For the three years ended 31 December 2024, our Company paid the aggregate remuneration of approximately RMB3.3 million, RMB2.4 million and RMB2.0 million to our Directors and Supervisors, respectively. For details of the remuneration of our Directors and Supervisors, please refer to Note 34 to the Accountant's Report.

No Director or Supervisor received other remuneration or benefits in kind from our Company in respect of the three years ended 31 December 2024.

Under the current arrangements, it is expected that the Directors and Supervisors of our Company will be entitled to receive an aggregate remuneration of approximately RMB2.6 million for the year ending 31 December 2025 from our Company.

D. DISCLOSURE OF INTERESTS

1. Disclosure of Interests of Directors, Supervisors and Chief Executive

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), none of our Directors, Supervisors or chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position 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, pursuant to the Model Code for

Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange:

			Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[(1)]		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[(1)]	
Name	**Capacity/ Nature of interest**	**Class of Shares**	**Number**	**Approximate percentage in the total share capital of our Company**	**Number**	**Approximate percentage in the total share capital of our Company**
Mr. Xu Kaiming	Beneficial interests	H Shares	30,354,873(L)	39.77%	30,354,873	32.04%
	Interests in controlled corporations[(2)]	H Shares	37,405,685(L)	49.00%	37,405,685	39.49%
Mr. Xu Kaihe	Beneficial interests	H Shares	2,250,953(L)	2.95%	2,250,953	2.38%
	Interests in controlled corporations[(3)]	H Shares	1,016,717(L)	1.33%	1,016,717	1.07%

Notes:

1. The letter "L" denotes the entity/person's long position (as defined under Part XV of the SFO) in such Shares.

2. Mr. Xu Kaiming holds 99% equity interests in Xiamen Rongxin and being the sole general partner, he controls Xiamen Gaoli Hezhong which is an employee shareholding platform. By virtue of the SFO, in addition to his direct shareholding, Mr. Xu Kaiming is deemed to be interested in the 36,496,505 Shares of our Company through Xiamen Rongxin and the 909,180 Shares of our Company through Xiamen Gaoli Hezhong.

3. Mr. Xu Kaihe is the sole general partner of and has control on Xiamen Gaoli Zhongcheng, which is an employee shareholding platform. By virtual of the SFO, in addition to his direct shareholding, Mr. Xu Kaihe is deemed to be interested in the 1,016,717 Shares of our Company through Xiamen Gaoli Zhongcheng.

2. Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person (other than our Director, Supervisor or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

3. Disclaimers

Save as disclosed in the paragraphs headed "C. Further Information about our Directors and Supervisors" and "D. Disclosure of Interests" in this section:

(a) none of our Directors or chief executive has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business; and

(d) without taking into account any Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at shareholders' meetings of any member of our Group in the Shares or underlying Shares of our Company.

E. EMPLOYEE SHARE OWNERSHIP PLANS

We have established the employee share ownership plans ("**ESOP**") since 2017 in recognition of the contributions of our employees and to provide incentives that align the interests of our Company and employees. The terms of the ESOP are not subject to the provisions of Chapter 17 of the Listing Rules as the ESOP does not involve the grant of options or awards by our Company after the Listing and there will be no dilution effect to the issued Shares after Listing.

As at the Latest Practicable Date, all the Shares underlying the ESOP had been issued and granted, and to the extent that there is any change to the grants under the ESOP after the Listing, our Company will comply with the applicable Listing Rules (including the requirements under Chapter 14A of the Listing Rules applicable to grants to connected persons, if any).

As at the Latest Practicable Date, our Company had established two employee shareholding platforms ("**Employee Shareholding Platforms**") , namely Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng. As at the Latest Practicable Date, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng held approximately 1.19% and 1.33% of the issued share capital of our Company, respectively. For details of the employee shareholding platforms, please refer to the section headed "History, Development and Corporate Structure – Employee Share Ownership Plans" in this prospectus.

The following is a summary of the principal terms of the ESOP:

(a) Objectives

The purpose of the ESOP is to recognise the contributions of our employees and to provide incentives that align the interests of our Company and employee.

(b) Grant of Awards

Participants of the ESOP (the "**Participants**") are granted limited partnership interests (the "**Awards**") in the Employee Shareholding Platforms and are each a limited partner of the Employee Shareholding Platforms upon grant of the Award. Upon becoming the limited partner of the Employee Shareholding Platforms, the Participant indirectly receives economic interest in the pro rata portion of the underlying Shares held by the Employee Shareholding Platforms.

(c) Eligibility

The Participants include the directors, supervisors, senior management members and key employees of the Group. A combination of factors, including service tenure, work experience, job position, development potential, and contribution to the Group, will be considered when determining eligible participants of the ESOP and the price and allocation of the Awards of each eligible participant.

(d) Form of the ESOP

The Participants, as partners of the Employee Incentive Platforms, which are in the form of limited partnerships, shall subscribe for the limited partnership interests of the Employee Incentive Platforms, thereby indirectly holding the Shares of our Company by virtue of their capacity as a limited partner of the relevant employee incentive platform.

(e) Rights attached to the Awards

According to the provisions of laws, rules, and the Articles of Association of our Company, the Employee Shareholding Platforms are entitled to rights of shareholders of our Company, and all partners of the Employee Shareholding Platforms enjoy the rights corresponding to their respective shareholdings in the respective Employee Shareholding Platform.

(f) Exit from the Employee Shareholding Platforms

Prior to 31 December 2022 or to the submission of the application for the listing on a stock exchange by our Company (whichever is earlier), if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the capital injection amount of the relevant portion of interest that is subject to transfer plus interest. Such transfer price shall take into account, among others, the capital commitment by the transferee and its annualised investment return and the valuation of the investment as at the date of such transfer.

After 31 December 2022 but prior to the submission of the application for listing on the stock exchange by our Company, if any limited partner wishes to transfer his/her holdings in the Employer Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the parties.

(g) Lock-up period and Redemption of Awards

If our Company applies for a listing on a stock exchange, the lock-up period for limited partners will be determined in accordance with the requirements of the securities regulatory authorities and stock exchanges, and the relevant commitments regarding restricted circulation and voluntary lock-up of the Employee Incentive Platform. In general, the lock-up period shall be 36 months from the date of the submission of the listing application to the Stock Exchange. If there are any new regulations issued by the regulatory authorities, the lock-up period will be subject to those regulations. The lock-up of 36 months is determined based on maintaining the stability of the core incentive target employees' employment in the Group and avoiding volatility in the Group's share price after the Listing.

After the listing of our Company and when the lock-up period of the Employee Incentive Platforms expires, the general partners will uniformly handle the stock reduction process based on the limited partner's request. The transfer price will be determined based on the actual market price at the time of the reduction. The basis of the stock reduction process was because the employees hold the Shares indirectly through the Employee Incentive Platform. In order to enable the Employee Incentive Platform to reduce its holdings in an orderly manner, the platform will complete the reduction of its holdings and the payment of the proceeds from the reduction in the secondary market based on the instructions of the limited partners who have met the reduction conditions.

(h) Details of interests in the Employee Shareholding Platforms

As of the Latest Practicable Date, all Awards under the ESOP were granted. Details of the Awards granted to Directors, Supervisors, senior management or connected persons under the Employee Incentive Scheme are set out below:

Name	Position/Connected Relationship	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Mr. Xu Kaiming	Executive Director, chairman of the Board, president, general manager and a Controlling Shareholder	Xiamen Gaoli Hezhong	0.39%	3,546
		Xiamen Gaoli Zhongcheng	1.31%	13,319
Mr. Xu Kaihe	Executive Director, senior vice president and a Controlling Shareholder	Xiamen Gaoli Hezhong	13.67%	124,285
		Xiamen Gaoli Zhongcheng	4.91%	49,921
Mr. Fu Jianfang	Supervisor	Xiamen Gaoli Hezhong	10.29%	93,555
		Xiamen Gaoli Zhongcheng	7.02%	71,374
Ms. Chai Ling	Supervisor	Xiamen Gaoli Hezhong	8.05%	73,189
		Xiamen Gaoli Zhongcheng	10.28%	104,519

Name	Position/Connected Relationship	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Mr. Hu Zunfa	Secretary to the Board, Joint Company Secretary, senior management	Xiamen Gaoli Hezhong	7.86%	71,462
		Xiamen Gaoli Zhongcheng	4.51%	45,854
Ms. Lin Yanqin	Executive Director	Xiamen Gaoli Hezhong	7.78%	70,734
		Xiamen Gaoli Zhongcheng	5.37%	54,598
Ms. Lin Cheng	Senior management	Xiamen Gaoli Hezhong	6.28%	57,097
		Xiamen Gaoli Zhongcheng	4.00%	40,669
Mr. Jiang Jingtao	Supervisor	Xiamen Gaoli Hezhong	5.11%	46,459
		Xiamen Gaoli Zhongcheng	3.88%	39,449
Mr. Chen Zhichuan	Chief Financial Officer	Xiamen Gaoli Hezhong	6.13%	55,823.6
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3

Details of the Awards granted to persons who are not Directors, Supervisors, senior management or connected persons under the Employee Incentive Scheme are set out below:

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Li Changcheng (李昌成)	Employee	Xiamen Gaoli Hezhong	6.28%	57,096.5
Zheng Xiaohua (鄭小華)	Employee	Xiamen Gaoli Hezhong	4.87%	44,277.1
		Xiamen Gaoli Zhongcheng	1.03%	10,472.2
Liang Yuling (梁玉玲)	Employee	Xiamen Gaoli Hezhong	3.53%	32,094.1
		Xiamen Gaoli Zhongcheng	4.26%	43,312.1
Zhang Hui (張輝)	Employee	Xiamen Gaoli Hezhong	3.36%	30,548.4
		Xiamen Gaoli Zhongcheng	4.72%	47,989.0
Qi Zhen (祁振)	Employee	Xiamen Gaoli Hezhong	1.73%	15,728.8
		Xiamen Gaoli Zhongcheng	2.34%	23,791.2
Huang Shihua (黃詩華)	Employee	Xiamen Gaoli Hezhong	1.61%	14,637.8

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Lin Wenyuan (林文原)	Employee	Xiamen Gaoli Hezhong	1.57%	14,274.1
		Xiamen Gaoli Zhongcheng	2.57%	26,129.6
Jiang Qiyan (薑其焱)	Employee	Xiamen Gaoli Hezhong	1.57%	14,274.1
		Xiamen Gaoli Zhongcheng	3.72%	37,821.9
Wang Huanfei (王煥飛)	Employee	Xiamen Gaoli Hezhong	1.26%	11,455.7
Jiang Mei (蔣梅)	Employee	Xiamen Gaoli Hezhong	1.22%	11,092.0
You Yong (遊湧)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3
		Xiamen Gaoli Zhongcheng	1.43%	14,539.1
Wang Xinyi (王新藝)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3
		Xiamen Gaoli Zhongcheng	0.65%	6,608.7
Huang Xiaodong (黃曉東)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Sun Miaoyun (孫苗雲)	Employee	Xiamen Gaoli Hezhong	0.79%	7,182.5
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3
Su Bixiang (蘇碧香)	Employee	Xiamen Gaoli Hezhong	0.55%	5,000.5
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3
Qi Xiyan (祁喜燕)	Employee	Xiamen Gaoli Hezhong	0.55%	5,000.5
		Xiamen Gaoli Zhongcheng	2.50%	25,417.9
Huang Qiangmin (黃強敏)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	4.55%	46,260.6
Zhu Hong (朱虹)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
Ke Huimin (柯輝民)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	1.97%	20,029.3

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Chen Fang (陳芳)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	2.06%	20,944.4
Chen Yingying (陳瑩瑩)	Employee	Xiamen Gaoli Hezhong	0.22%	2,000.2
Li Ling (李玲)	Employee	Xiamen Gaoli Hezhong	0.22%	2,000.2
Zhang Lixiang (張麗香)	Employee	Xiamen Gaoli Zhongcheng	4.51%	45,853.9
Li Yong (李勇)	Employee	Xiamen Gaoli Zhongcheng	3.57%	36,296.8
Ding Jiwei (丁姬偉)	Employee	Xiamen Gaoli Zhongcheng	3.27%	33,246.6
Kang Wenti (康文體)	Employee	Xiamen Gaoli Zhongcheng	2.57%	26,129.6
Wang Binglin (王炳林)	Employee	Xiamen Gaoli Zhongcheng	2.50%	25,417.9
Li Jian (李劍)	Employee	Xiamen Gaoli Zhongcheng	2.29%	23,282.8
Chen Fangbin (陳方賓)	Employee	Xiamen Gaoli Zhongcheng	2.06%	20,944.4

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Wang Xiaoyan (王小燕)	Employee	Xiamen Gaoli Zhongcheng	1.64%	16,674.2
Zhang Shunfeng (張順風)	Employee	Xiamen Gaoli Zhongcheng	1.29%	13,115.6
Quan Wenyu (全文玉)	Employee	Xiamen Gaoli Zhongcheng	1.20%	12,200.6
Zheng Changquan (鄭長泉)	Employee	Xiamen Gaoli Zhongcheng	0.48%	4,880.2

F. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into a Deed of Indemnity in favour of our Company (for itself and as trustee for each of its subsidiaries) pursuant to which our Controlling Shareholders have agreed to jointly and severally indemnify and at all times keep each member of our Group fully and effectively indemnified against, among others, the followings:

a. the amount of any and all taxation paid or required to be paid by any of the members of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received or entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the Listing; and

b. all losses, payments, charges, settlement payment, costs (including legal costs and other professional costs on a full indemnity basis), liability, damages, charges, fees, fines or expenses which any of the members of our Group may incur or suffer, accrue, directly or indirectly, from any act of the members of our Group arising from and/or in connection with any non-compliance, failure, delay or defect of corporate or regulatory compliance on the part of any or all members of our Group of any provision of, the Companies Ordinance or any other applicable laws in the world of any of the members of our Group on or before the Listing and/or as a result of and/or in relation to all litigations, arbitrations, claims (including counter-claims), actions, complaints, demands, judgements and/or legal proceedings by or against any of the members of our Group which were issued, accrued and/or arising from any act of any member of our Group at any time on or before the Listing;

Our Controlling Shareholders will, however, not be liable under the Deed of Indemnity to the extent that, among others:

a. provision, reserve or allowance has been made for such taxation or liability for such taxation in the audited accounts of our Group for each of the years/period ended 31 December 2022, 2023 and 2024; or

b. the taxation or liability for such taxation falling on any member of our Group on or after the Listing except such taxation or liability would not have arisen but for any act or omission of, or transaction voluntarily effected by our Company or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of our Controlling Shareholders other than any such act, omission or transaction:

   (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing; or

   (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing; or

   (iii) consisting of any member of our Group ceasing, or being deemed to cease, to be a member of our Group for the purposes of any matter of taxation on or before the Listing; or

c. the taxation or liability for such taxation arises or is incurred or is increased by an increase in rates of taxation or other penalties as a result of any retrospective change in law or practice coming into force after the date of the Deed of Indemnity or any retrospective increase in tax rates coming into force after the date of the Deed of Indemnity; or

d. any provision or reserve made for taxation in the audited accounts of our Group for each of the years/period ended 31 December 2022, 2023 and 2024 which is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company, then our Controlling Shareholders' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve; or

e. for which any member of our Group is liable in respect of or in consequence of any event occurring or income, profits or gain earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business on in the ordinary course of acquiring and disposing of capital assets after the Listing.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

3. Litigation

Save as disclosed on the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, all the H Shares to be issued as mentioned in this prospectus.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsors a fee of HK$4.1 million to act as the sponsor of our Company in connection with the proposed listing on the Stock Exchange.

5. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

6. Promoters

The promoters of the Company are Xiamen Rongxin, Mr. Xu Kaiming, Mr. Lin Huanan, Mr. Xu Kaihe, Mr. Yang Litie, Xiamen Gaoli Hezhong, Xiamen Gaoli Zhongcheng and Mr. Li Cheng. For details of the promoters of the Company, please see "History, Development and Corporate Structure".

Save as disclosed in the section headed "History, Development and Corporate Structure – Corporate Development" of 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 nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualifications of experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
Yue Xiu Capital Limited	A licenced corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)
Tenet & Partners	PRC Legal Advisers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Peak Vision Appraisals Limited	Property valuer

8. Consents of experts

Each of the parties named in paragraph 6 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which it is respectively included.

As at the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III – Taxation and Foreign Exchange" to this prospectus.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in "Appendix I – Accountant's Report – 33 Related Party Transactions" in this prospectus.

12. Miscellaneous

Save as disclosed in the sections headed "History, Development and Corporate Structure", "Business", "Financial Information" and "Underwriting" in this prospectus and the paragraph headed "A. Further Information about our Company" in this section:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be issued fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) save for our H Shares to be issued in connection with the Global Offering, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(g) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures; and

(h) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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, among other documents:

(a) the written consents referred to under the paragraph headed "F. Other Information – 8. Consents of Experts" in Appendix VII to this prospectus; and

(b) copies of the material contracts referred to in the paragraph headed "B. Further Information about our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website (**www.hkexnews.hk**) and our Company's own website (**https://www.rongtatech.cn/**) for a period of time for 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set forth in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the each of the years ended 31 December 2022, 2023 and 2024;

(d) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;

(e) the industry report prepared by Frost & Sullivan;

(f) the valuation report prepared by Peak Vision Appraisals Limited, the text of which is set forth in Appendix VI to this prospectus;

(g) the material contracts referred to in the paragraph headed "B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus;

(h) the written consents referred to in the paragraph headed "F. Other Information – 8. Consents of Experts" in Appendix VII to this prospectus;

(i) the service contracts referred to in the paragraph headed "C. Further Information about Our Directors and Supervisors – 1. Particulars of Directors' and Supervisors' Contracts" in Appendix VII to this prospectus;

(j) the legal opinions issued by our PRC Legal Advisers as to the PRC laws, in respect of, among other things, the general matters and property interests of our Group; and

(k) the PRC Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.

RONGTA

Rongta Technology (Xiamen) Group Co., Ltd.
容大合眾(廈門)科技集團股份公司

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

Stock Code: 9881

GLOBAL OFFERING

Sole Sponsor

越秀融資
YUE XIU CAPITAL

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

越秀証券
YUE XIU SECURITIES

IMPORTANT

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

Rongta Technology (Xiamen) Group Co., Ltd.
容大合眾(廈門)科技集團股份公司

(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	:	**18,400,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**1,840,000 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**16,560,000 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$12.00 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock Code	:	**9881**

Sole Sponsor

越秀融資 YUE XIU CAPITAL

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

越秀証券 YUE XIU SECURITIES

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

農銀國際 ABC INTERNATIONAL　中銀國際 BOCI　建银国际 CCB International　招銀国际 CMB INTERNATIONAL　民銀資本 CMBC CAPITAL HOLDINGS LIMITED

華福國際 HUAFU INTERNATIONAL　利弗莫尔证券 LIVERMORE HOLDINGS LIMITED　百惠金控 PATRONS　ZTSC 中泰國際

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Documents on Display" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date, which is expected to be on or before 12:00 noon on Friday, 6 June 2025. The Offer Price will not more than HK$12.00 per H Share and is expected to be not less than HK$10.00 per H Share, unless otherwise announced. If, for any reason, the final Offer Price is not agreed on or before 12:00 noon on Friday, 6 June 2025 between the Overall Coordinator, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), may, with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **https://www.rongtatech.cn/** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated business. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in "Risk Factors", "Summary of Principal Legal and Regulatory Provisions" in Appendix IV and "Summary of Articles of Association" in Appendix V.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting – Underwriting Arrangements and Expenses – Grounds of Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

ATTENTION

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

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

30 May 2025

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 Stock Exchange at www.hkexnews.hk under the "HKEXnews> New Listings> New Listing Information" section, and our website at https://www.rongtatech.cn/. 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:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply through the **HKSCC EIPO** channel by instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.

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" in this prospectus for further details of 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 500 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum 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 prefund 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[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*
500	6,060.51	6,000	72,726.12	40,000	484,840.80	400,000	4,848,408.00
1,000	12,121.02	7,000	84,847.15	45,000	545,445.90	500,000	6,060,510.00
1,500	18,181.54	8,000	96,968.15	50,000	606,051.00	600,000	7,272,612.00
2,000	24,242.05	9,000	109,089.18	60,000	727,261.20	700,000	8,484,714.00
2,500	30,302.56	10,000	121,210.20	70,000	848,471.40	800,000	9,696,816.00
3,000	36,363.05	15,000	181,815.30	80,000	969,681.60	920,000[(1)]	11,151,338.40
3,500	42,423.56	20,000	242,420.40	90,000	1,090,891.80		
4,000	48,484.08	25,000	303,025.50	100,000	1,212,102.00		
4,500	54,544.59	30,000	363,630.60	200,000	2,424,204.00		
5,000	60,605.10	35,000	424,235.70	300,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at ***https://www.rongtatech.cn/*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on
Friday, 30 May 2025

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**(Note 2) . . . . 11:30 a.m. on
Thursday, 5 June 2025

Application lists of the Hong Kong Public Offering open(Note 3) . . . . 11:45 a.m. on
Thursday, 5 June 2025

Latest time to give **electronic application instructions** to HKSCC(Note 4) . . . . 12:00 noon on
Thursday, 5 June 2025

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on
Thursday, 5 June 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf, 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(Note 3) . . . . 12:00 noon on
Thursday, 5 June 2025

Expected Price Determination Date(Note 5) . . . . Friday, 6 June 2025

(1) Announcement of:
- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interests in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on our website at **https://www.rongtatech.cn/**(Note 6) and the website of the Stock Exchange at **www.hkexnews.hk** on or before . . . . Monday, 9 June 2025

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares – B. Publication of Results" in this prospectus from . . . . Monday, 9 June 2025

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **https://www.rongtatech.cn/**(Note 6) from . . . . Monday, 9 June 2025

Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available at the "Allotment Results" page at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result** with a "search by ID" function from . . . . 11:00 p.m. on Monday, 9 June 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before(Notes 7) . . . . Monday, 9 June 2025

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched on or before(Notes 8, 9). . . . . Tuesday, 10 June 2025

Dealings in H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Tuesday, 10 June 2025

The application for the Hong Kong Offer Shares will commence on Friday, 30 May 2025 through Thursday, 5 June 2025, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Tuesday, 10 June 2025.

Notes:

(1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application through the designated website at **www.hkeipo.hk** and obtained an application reference number from the designated website before 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 signal and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 June 2025, the application lists will not open or close on that day. Please refer to "How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements" for further details.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC by instructing your broker or custodian to apply on your behalf via FINI should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or about Friday, 6 June 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and us by 12:00 noon on Friday, 6 June 2025, the Global Offering will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their terms prior to 9:00 a.m. on the Listing Date. 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 do so at their own risk.

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

(9) Applicants who have applied through the **HK eIPO White Form** service for 500,000 or more Hong Kong Offer Shares may collect any H Share certificates in person from our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 June 2025 or such other date as notified by us as the date of dispatch/collection of H Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Individuals must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

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

H Share certificates and/or refund cheques (if applicable) for applicants who have applied for less than 500,000 Hong Kong Offer Shares and any uncollected H Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Please refer to "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for further information.

The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with their respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Tuesday, 10 June 2025. Investors who trade our H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The above expected timetable is a summary only. Please refer to "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy 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 authorisation by the relevant securities regulatory authorities or in reliance of an exemption therefrom.

You should rely on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other persons or parties involved in the Global Offering. Information contained on our website at ***https://www.rongtatech.cn/*** *does not form part of this prospectus.*

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This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in "Definitions" and "Glossary of Technical Terms".

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of printing equipment, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like IoT technology, cloud-based printing and AI integration. In addition to our ability to provide customised products tailored to our customers' specific requirements, as at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries.

AIDC refers to a variety of technologies applied to automatically identify objects, collect relevant data and enter data directly into computer systems without human intervention. AIDC systems are used to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error. Core AIDC technologies including barcode scanning, smart cards and magnetic stripe cards, optical character recognition, RFID scanning and biometric systems are directly engaged in the process of reading or collecting data from items, individuals, or environments, and then capturing that data for further processing. Further, printing systems and printing technology, particularly specialty printers, are used to generate machine-readable barcodes, labels, and other markers that are integral to the identification and tracking processes within AIDC workflows.

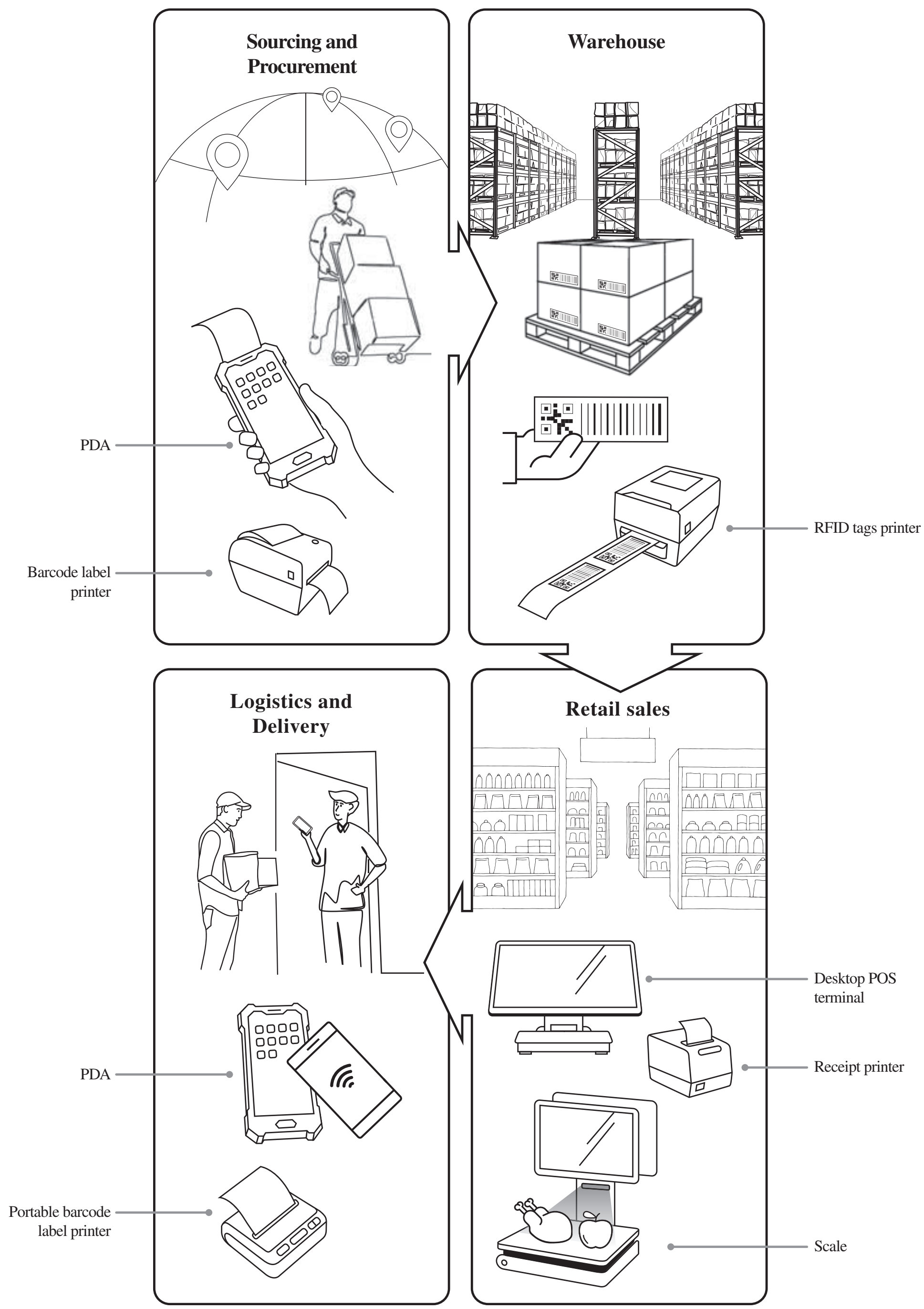
Our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation; and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC were our top five customers for each of FY2022, FY2023 and FY2024.

Over years of operation, we have developed capability to design and develop customised products in response to our customers' specific requests and needs, which allows our products to be applied in a variety of sectors. Our business model is a combination of sales of standardised "RONGTA" and "iMACHINE" branded products and sales of customised products, both domestically and internationally. We believe that our comprehensive product offering is able to provide one-stop AIDC solutions and facilitates digital upgrade of our customers' businesses. In particular, (i) POS terminals equipped with barcode scanners and NFC readers promote personalised shopping experience by allowing retailers to instantly recognise a shopper's loyalty card or mobile wallet and retrieve their purchase history, (ii) retailers use POS terminals and PDAs to make informed recommendations to shoppers to enhance their personalised shopping experience with access to real-time inventory information, product details, and customer purchase history, (iii) the specialty printers promote online-to-offline retail by generating labels for online orders, ensuring accurate packaging and delivery, and (iv) PDAs are used to update inventory across online and offline channels, enabling customers to check in-store stock availability online. The global AIDC devices market by sales value increased from US$60.8 billion in 2018 to US$90.1 billion in 2023 at a CAGR of 8.2%, continuously driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, according to Frost & Sullivan. Drawing upon our robust groundwork and market position, we are confident in our ability to continuously capitalise on the market expansion and opportunities within the global AIDC devices market.

OUR PRODUCTS

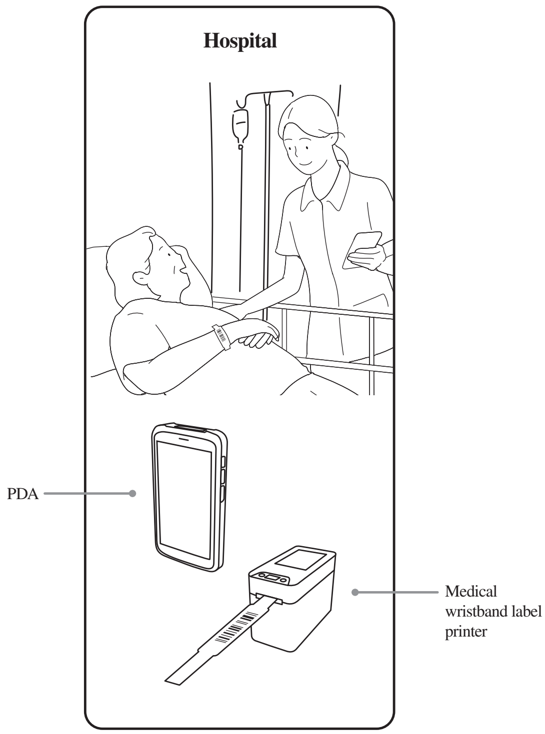
AIDC devices, including our products, are products applied to automatically identify objects, collect data and transmit data into systems that are widely used in various industries. For illustrative purpose, the following chart sets out how our products are currently applied in a typical retail scenario:

Commercial sector

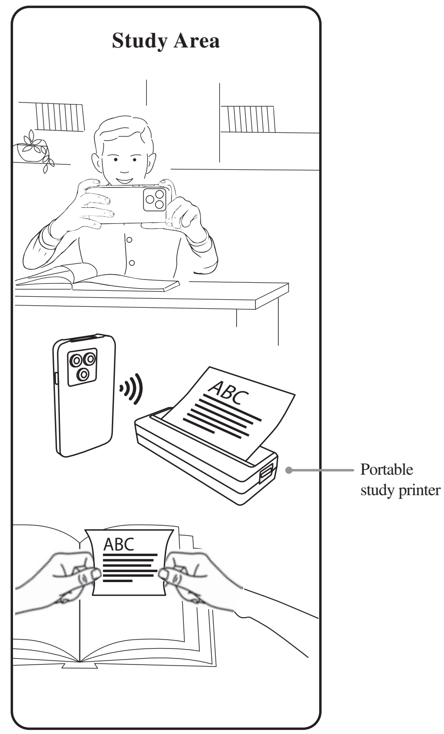


We provide AIDC devices and solutions not only in retail scenario, but also in education, medical and other industries. For illustrative purpose, the following charts set out the application of our products in typical education and medical scenarios:

Medical sector



Education sector



During the Track Record Period, we primarily engaged in the production and sales of printing equipment, scales, POS terminals and PDAs:

1. **Printing equipment** – We offer a range of thermal printing specialty printers including receipt printers, barcode label printers and panel printers, as well as printing modules of various sizes and capacities. Our printing equipment is designed to meet the needs of various industries, including retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment industries. Our printing equipment plays a critical role in the AIDC ecosystem by serving as the output source for data identified, captured, and processed by other AIDC devices. They transform processed data into tangible outputs such as receipts, labels, and barcodes, enabling seamless integration with business operations across various industries.

2. **Scales** – Scales are commonly used in retail transactions by businesses such as grocery stores, supermarkets and postal offices to accurately measure the weight of goods or products being sold or purchased. Most models of our scales are equipped with built-in printers, allowing users to weigh products and print receipts or barcodes for the transactions. Our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology aligns with the objectives of AIDC devices as it enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information, thereby streamlining operations and improving precision by minimising processing delays, manual effort and related errors.

3. **POS terminals and PDAs** – POS terminals are electronic systems used to effect transactions at the point of sale. They are equipped with built-in printers and NFC readers and they integrate AIDC technologies such as barcode scanning to facilitate electronic payment. They are commonly used in the retail industry to handle electronic payment transactions, and are also widely used in other scenarios, such as restaurants, hotels, supermarkets and convenience stores. PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They are also equipped with printing capabilities, cameras for code scanning, and NFC readers, and are more commonly used in inventory tracking and store management to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error.

In addition to the above, we also (i) sell accessories and other purchased products such as control boards, power cords and thermal paper to cater for the specific needs of our customers from time to time; (ii) provide product development and tooling services, where we generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications; and (iii) arrange independent product testing and certification organisations such as laboratories accredited by China National Accreditation Service (CNAS) or authorised by Bureau of Standards, Metrology and Inspection (BSMI) and China Radio Management Centre to apply for the relevant certifications for our customised products as per the request of our customers according to the product standards and certification requirements of their respective geographical location of sales, including (a) Federal Communications Commission (FCC) certificate, and National Type Evaluation Program (NTEP) Certificate of Conformance in the United States; CE mark and International Organization of Legal Metrology (OIML) Certificate in Europe; and China Compulsory Certification (CCC) and Pattern Approval Certificate for Measuring Instruments the PRC.

The following table sets out information about our revenue, gross profit and gross profit margin by product and service segment during the Track Record Period:

	FY2022				FY2023				FY2024			
	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*	*%*
Printing equipment	304,408	77.4	68,766	22.6	261,082	74.9	55,521	21.3	243,373	69.5	66,108	27.2
Scales	35,761	9.1	7,927	22.2	47,250	13.5	16,180	34.2	53,087	15.2	20,008	37.7
POS terminals and PDAs	23,583	6.0	4,584	19.4	16,497	4.7	4,445	26.9	33,564	9.6	7,820	23.3
Accessories and other purchased products	25,591	6.5	7,981	31.2	15,333	4.4	5,521	36.0	17,849	5.1	4,400	24.7
Others *(Note)*	3,930	1.0	603	15.3	8,587	2.5	3,797	44.2	2,189	0.6	1,029	47.0
Total	393,273	100.0	89,861	22.8	348,749	100.0	85,464	24.5	350,062	100.0	99,365	28.4

Note: Others mainly comprises tooling and provision of development and certification services.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024.

During the Track Record Period, we recorded relatively higher revenue in FY2022, primarily because (i) the sales of our portable study printers to Customer Group A peaked in FY2022 over the period, as the demand for portable study printers was indirectly stimulated by the increased demand for printing study materials, exercise and notes due to the social restrictive measures implemented during the COVID-19 pandemic; and (ii) Customer C placed one-off bulk purchase orders amounting to RMB34.6 million for our printing equipment in FY2022.

Printing equipment

Revenue derived from the sales of printing equipment decreased from RMB261.1 million for FY2023 to RMB243.4 million for FY2024. The decline in revenue was primarily due to the decrease in sales of portable study printers to Customer Group A by RMB21.4 million, Such decrease was mainly due to the softened market demands for portable study printer, which was generally used for preparing and printing study exercises and notes, when physical lessons or tutoring had revived upon lifting of social restriction during FY2023, partially offset by the increase in sales of newly launched hazardous waste label printers of RMB13.8 million. Our gross profit derived from the sales of printing equipment increased from RMB55.5 million for FY2023 to RMB66.1 million for FY2024 despite the decrease in revenue derived from the sales of printing equipment during such period, which was primarily attributable to the increase in gross profit margin of printing equipment from 21.3% for FY2023 to 27.2% for FY2024. Such increase in gross profit margin was primarily due to the increase in sales of our newly launched hazardous waste label printers in March 2024, which generally have a higher gross profit margin compared to other printing equipment due to their connectivity with the national or local hazardous waste treatment platforms and exclusive collaboration with the software company.

Revenue derived from the sales of printing equipment decreased from RMB304.4 million for FY2022 to RMB261.1 million for FY2023, mainly due to the decrease in sales to Customer C, one of our top five customers for FY2022, by RMB33.5 million from RMB34.6 million for FY2022 to RMB1.1 million for FY2023 as explained above. The decrease in gross profit derived from sales of printing equipment for FY2023 was generally in line with the decrease in revenue as explained above.

Scales

Revenue derived from the sales of scales increased from RMB47.3 million for FY2023 to RMB53.1 million for FY2024 as we extended our sales to cover new overseas customers, in particular, new customers in Thailand and Kazakhstan of RMB3.1 million and RMB2.0 million, respectively. Our gross profit derived from the sales of scales increased from RMB16.2 million for FY2023 to RMB20.0 million for FY2024, which was mainly attributable to (i) the increase in revenue derived from the sales of scales as explained above and (ii) the increase in gross profit margin of scales from 34.2% for FY2023 to 37.7% for FY2024. Such increase in gross profit margin was mainly attributable to the decrease in unit cost of our scales resulting from our efforts in obtaining better terms with our suppliers and the increased utilisation of bulk purchase discount.

Revenue derived from the sales of scales increased by 32.1% from RMB35.8 million for FY2022 to RMB47.3 million for FY2023. The increase in revenue derived from sales of scales was mainly attributable to the increase in sales of our AI scales in FY2023 since the launch of our AI scales products in FY2022 and the increase in overseas sales of conventional scales of RMB4.6 million. Our gross profit derived from the sales of scales increased from RMB7.9 million for FY2022 to RMB16.2 million for FY2023, which was mainly attributable to (i) the increase in revenue derived from the sales of scales as explained above and (ii) the increase in gross profit margin of scales from 22.2% for FY2022 to 34.2% for FY2023. Such increase in gross profit margin was mainly attributable to the increase in sales of AI scales, which generally have a higher gross profit margin and the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales of conventional scales mainly due to fierce price competition in the PRC. According to Frost & Sullivan, (i) there are large numbers of market participants in the PRC, leading to significant price competition; and (ii) domestic customers, including small businesses and factories, prioritise affordability over brand reputation, which forces manufacturers to lower their prices.

POS terminals and PDAs

Revenue derived from the sales of POS terminals and PDAs increased significantly from RMB16.5 million for FY2023 to RMB33.6 million for FY2024, as the sales volume of our POS terminals and PDAs doubled, as compared to FY2023. Our sales volume significantly increased following the launch of several new models in FY2023 and FY2024 designed to closely align with current market demands. For instance, we commenced sales of five new models such as AP12S Handheld POS Terminal, A2 Desktop POS Terminal and i2 Handheld Data Terminal, which are generally applied in retail sales, logistic, entertainment and medical sectors. Sales of these models, which commenced since July 2023, generated revenue of RMB0.6 million in FY2023 and RMB13.4 million in FY2024. Our gross profit derived from the sales of POS terminals and PDAs increased from RMB4.4 million for FY2023 to RMB7.8 million FY2024, which was primarily attributable to the increase in revenue derived from sales of POS terminals and PDAs as partially offset by the decrease in gross profit margin of POS terminals and PDAs from 26.9% for FY2023 to 23.3% for FY2024. Such decrease in gross profit margin was attributable to (i) the decrease in gross profit margin of our POS terminals as we reduced the selling price of certain models in order to increase market presence of our POS terminals. For instance, the average unit price of our model with the highest sales volume in FY2024, which was launched in FY2023 with upgraded hardware including motherboard and random access memory, decreased by approximately 4.4%. Meanwhile, the sales volume for this model quadrupled in FY2024; and (ii) the decrease in the proportion of sales of POS terminals, which generally have a higher gross profit margin as compared to PDAs. Our POS terminals generally have a higher gross profit margin compared to our PDAs due to (i) our ability to secure better pricing for raw materials used for the production of POS terminals, facilitated by our higher production volume of POS terminals relative to PDAs during the Track Record Period. For instance, the average unit cost of certain type of our POS terminal motherboards, which cannot be used for the production of PDAs, decreased by 3.2% on average in FY2024 along with increased purchase volume correlating with higher POS terminal sales; and (ii) the pricing of PDAs was competitive due to market competition.

Revenue derived from the sales of POS terminals and PDAs decreased from RMB23.6 million for FY2022 to RMB16.5 million for FY2023. Such decrease was mainly due to decrease in sales to (i) an existing customers in France of RMB4.4 million as the orders from such customer were driven by a one-off project which was completed in FY2022; and (ii) an existing customer in Italy of RMB1.4 million due to enhanced product requirements that our existing models were unable to meet at that time. We subsequently launched a new model of POS terminal with improved design and upgraded hardware components in 2023. Following the launch of this new model, there was a recovery in sales to such customer from RMB0.6 million in FY2023 to RMB1.3 million in FY2024. Our gross profit derived from the sales of POS terminals and PDAs remained relatively stable in FY2022 and FY2023 despite the decrease in revenue derived from the sales of POS terminals and PDAs by RMB7.1 million during such period, which was primarily due to the increase in gross profit margin of our POS terminals from 18.9% for FY2021 to 29.2% for FY2022. The gross profit margin for FY2022 was relatively low as we reduced the selling price of certain outdated models which have a lower profit margin, in order to clear up our stocks in contemplation of the launch of iterated models with improved motherboard and random-access memory in FY2023.

Accessories and other purchased products

Revenue derived from the sales of accessories and other purchased products increased from RMB15.3 million for FY2023 to RMB17.8 million for FY2024. Such increase was primarily due to (i) the increase in sales of parts to our existing customers. In particular, one of our customers in Brazil increased its purchase of parts by RMB1.0 million alongside with its purchase of our printing equipment and POS terminals; and (ii) the sales of obsolete raw materials that are no longer used in production, mainly including electronic parts such as motherboards, liquid-crystal display (LCD) modules and monitors. Our gross profit derived from the sales of accessories and other purchased products decreased from RMB5.5 million for FY2023 to RMB4.4 million for FY2024 despite the increase in revenue derived from the sales of accessories and other purchased products during such period, which was mainly due to the decrease in gross profit margin of accessories and other purchased products from 36.0% for FY2023 to 24.7% for FY2024. Such decrease in gross profit margin was primarily due to (i) the sales of obsolete electronic parts, which were specifically prepared for the production of certain models that has been phased out, at a gross loss; and (ii) the increase in sales of parts of printing equipment of RMB1.2 million with a lower gross profit margin of 15.0% to an existing customer in Brazil in view of our long-standing business relationship with such customer since 2016.

Revenue derived from the sales of accessories and other purchased products decreased from RMB25.6 million for FY2022 to RMB15.3 million for FY2023. Such decrease was mainly due to (i) the decrease in sales to our existing customers in Brazil and Republic of Bulgaria of RMB3.2 million and of RMB2.4 million, respectively. According to such customers, they scaled back the size of orders in view of the then market conditions; and (ii) the decrease in sales to an existing customer in Spain. In particular, orders from such customer for the year ended 31 December 2021 were delivered in FY2022, whereas the orders in FY2022 and FY2023 were delivered within the respective fiscal years. Therefore, we recognised more revenue from such customer in FY2022. The decrease in gross profit derived from the sales of accessories and other purchased products for FY2023 which was generally in line with the decrease in revenue as explained above.

Others

Revenue derived from others decreased from RMB8.6 million for FY2023 to RMB2.2 million for FY2024. The decrease was attributed to a decline in product development projects and orders for customised products that require new moulds and certification services. The decrease in gross profit derived from others for FY2024 was generally in line with the decrease in revenue as explained above.

Revenue derived from others increased from RMB3.9 million for FY2022 to RMB8.6 million for FY2023. Such increase was primarily attributable to the increase in revenue derived from product development service as we undertook an AI scale development project in amount of RMB3.6 million. The increase in gross profit derived from others for FY2023 was generally in line with the increase in revenue as explained above.

OUR COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths: (i) established specialty printer provider well positioned to leverage the growth potential in the AIDC devices and solutions market; (ii) R&D capabilities with wide recognition in the industry; (iii) established and diversified customer base across the globe; (iv) comprehensive and effective quality control; and (v) visionary and competent management team.

OUR BUSINESS STRATEGIES

We plan to implement the following strategies to leverage on our competitive strengths to capture the growing market demand and solidify our market position: (i) continue to enhance our market position by expanding our product portfolio and strengthening our R&D capabilities; (ii) strengthen our production efficiency and effectiveness; and (iii) enhance our international presence and increase our market shares in key international markets.

R&D

We are committed to R&D and delivery of AIDC devices and solutions. In 2024, our desktop POS terminal received the iF Design Award and the Red Dot Design Award, both of which are world-renowned product design awards. We also received multiple awards and recognitions from the industry and the relevant government authorities, including the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部).

OUR CUSTOMERS AND SALES CHANNELS

Our customers come from diverse industries encompassing, among others, retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. For each of FY2022, FY2023 and FY2024, revenue from our top five customers amounted to approximately RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period.

We sell our products through direct sales and sales to distributors. For FY2022, FY2023 and FY2024, our revenue from direct sales amounted to RMB370.5 million, RMB311.2 million and RMB335.3 million, accounting for 94.2%, 89.2% and 95.8% of our total revenue, respectively. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. According to Frost & Sullivan, our sales channels of selling AIDC devices through direct sales and sales to distributors are generally in line with industry norm.

The following table sets out information about our revenue by geographical location and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	214,756	54.6	190,054	54.5	185,272	52.9
Asia (except the PRC)	53,232	13.5	58,860	16.9	56,894	16.3
Europe	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)	16,714	4.3	14,938	4.3	20,265	5.8
Africa	9,868	2.5	5,651	1.6	10,750	3.1
Oceania	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Please refer to the section headed "Financial Information – Review of Historical Results of Operation" in this prospectus for the reasons of fluctuation of our revenue by geographical location during the Track Record Period.

OUR SUPPLIERS

We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. We select our suppliers based on a number of factors, including but not limited to the history of our relationship with them, product quality, supply capacity, price, and proximity with our production base. We maintain a list of qualified suppliers and we generally purchase raw materials only from selected qualified suppliers.

COMPETITION

The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. The PRC market accounted for approximately 16.6% of the global market share in 2023, which was overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain. The specialty printer market in the PRC is relatively competitive, with the top five players contributing to 28.0% of the entire market in 2023 in terms of revenue. Our Group ranked the ninth with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, our Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share. The scale market in the PRC is relatively fragmented, with the top five players contributing to only 36.0% of the entire market in terms of revenue. The POS terminal and PDA market in the PRC is relatively competitive, with the top five players contributing to 9.7% of the entire market in terms of revenue.

Entry barriers of the AIDC devices market largely lie in company's branding, track record of project delivery, qualification barriers, market know-how, high conversion costs due to customised R&D services, and technical requirement for payment security. Our Directors are of the view that we have distinguished ourselves in the competitive industry leveraging on our position as an established specialty printer provider with a global sales network.

For details on our competitive landscape, including our market share in the scale market and the POS terminal and PDA market in the PRC, please refer to the section headed "Industry Overview – Competitive Landscape".

BUSINESS ACTIVITIES WITH REGION SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we sold printing equipment to a customer located in Iran (the "**Iran Customer**"), a country subject to comprehensive International Sanctions. For FY2022, FY2023 and FY2024, our sales to the Iran Customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. Given the de minimis transaction amount with the Iran Customer, our Directors are of the view that such cessation does not have any material impact on our Group's financial position and business operations.

As advised by our legal adviser as to International Sanctions law, the Iran Customer is not specifically identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or other restricted parties lists maintained by the United States, the European Union, Australia and the United Nation and therefore would not be deemed as a sanctioned target. As advised by our legal advisers as to International Sanctions law, our products provided to Iran during the Track Record Period did not involve industries or sectors that are currently subject to International Sanctions and therefore are not deemed to be prohibited activities under the relevant International Sanctions and there is no investigation of any kind or by any regulatory or government authority regarding our sales to Iran.

Our legal advisers as to International Sanctions laws has concluded that there is no material risk that any regulator would impose sanctions in connection with these transactions, and no remedial actions are necessary by the Group related to the Iran transactions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the view of our Company's legal advisers as to International Sanctions laws, there is no apparent or material sanctions risk, including primary sanctioned activity or secondary sanctionable activity, presented by our business transactions during the Track Record Period.

For details of our business activities in Iran and our internal control measures to minimise sanctions risk, please refer to the sections headed "Risk Factors – Risks Relating to Our Business and Industry – We could be adversely affected as a result of sales in countries that are subject to evolving economic sanctions by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities" and "Business – Business Activities with Region subject to International Sanctions".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Comprehensive Income

The following table sets out the summary of our Group's consolidated results for the Track Record Period, which are derived from, and should be read in conjunction with the consolidated financial information contained in the Accountant's Report set out in Appendix I to this prospectus:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	393,273	348,749	350,062
Cost of sales	(303,412)	(263,285)	(250,697)
Gross profit	89,861	85,464	99,365
Other income	12,858	10,404	16,883
Other gains/(losses) – net	4,374	(2,260)	1,193
Selling and marketing expenses	(24,789)	(22,531)	(25,013)
General and administrative expenses	(25,567)	(31,130)	(30,505)
R&D expenses	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets	6	(165)	173
Operating profit	43,779	30,999	46,743
Finance income	430	818	971
Finance costs	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)
Profit before income tax	42,378	29,554	44,885
Income tax expense	(4,931)	(1,951)	(3,538)
Profit for the year	37,447	27,603	41,347

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also present the adjusted net profit for the years and adjusted net profit margin as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of Listing expenses and share-based payment. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth a reconciliation of our net profit for the year under IFRS to adjusted net profit (non-IFRS measures) for the years indicated by adding back (i) the Listing expenses and (ii) share-based payment which is non-cash in nature and does not result in cash outflow. Therefore, by eliminating the impacts of such items in the calculation of adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures), this measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year.

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	37,447	27,603	41,347
Add:			
Share-based payment	8,158	–	–
Listing expenses	–	8,605	8,293
Adjusted net profit (non-IFRS measure)	45,605	36,208	49,640
Adjusted net profit margin (non-IFRS measure)	11.6%	10.4%	14.2%

Although these financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered as measures comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

Our net profit increased from RMB27.6 million for FY2023 to RMB41.3 million for FY2024. Such increase was primarily attributable to (i) the increase in gross profit by RMB13.9 million for FY2024 as compared to FY2023 and (ii) the increase in other income from RMB10.4 million for FY2023 to RMB16.9 million for FY2024 as a result of the increase in government grants received.

Our net profit decreased from RMB37.5 million for FY2022 to RMB27.6 million for FY2023. Such decrease was primarily attributable to (i) the decrease in gross profit by RMB4.4 million for FY2023 as compared to FY2022 and (ii) the turnaround of other gains – net of RMB4.4 million for FY2022 to other losses – net of RMB2.3 million for FY2023.

Summary Consolidated Statement of Financial Position

The table below sets out a summary of our Group's consolidated statement of financial position as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	85,465	84,283	84,444
Right-of-use assets	5,108	4,690	4,682
Investment properties	41,957	40,955	39,953
Intangible assets	12,823	19,761	23,021
Deferred tax assets	2,240	2,818	1,520
Other non-current assets	1,574	–	2,634
Total non-current assets	149,167	152,507	156,254
CURRENT ASSETS			
Inventories	90,001	87,187	64,446
Trade and note receivables	24,306	60,181	66,166
Prepayments and other receivables	15,773	22,068	20,231
Amounts due from related parties	39,036	32,492	–
Financial assets at fair value through profit or loss	56,542	11,504	22,422
Restricted cash	6,787	2,304	–
Cash and cash equivalents	23,427	15,141	7,609
Total current assets	255,872	230,877	180,874
Total assets	405,039	383,384	337,128
NON-CURRENT LIABILITIES			
Borrowings	49,977	49,278	31,379
Lease liabilities	94	–	65
Deferred tax liabilities	7	–	439
Total non-current liabilities	50,078	49,278	31,883

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Trade payables	46,038	68,098	43,811
Accruals and other payables	43,108	20,866	23,802
Borrowings	60,224	37,483	57,942
Contract liabilities	14,945	10,307	7,715
Lease liabilities	325	96	126
Financial liabilities at fair value through profit or loss	–	2,114	–
Current tax liabilities	4,218	1,436	786
Provision	11,000	11,000	11,000
Total current liabilities	179,858	151,400	145,182
Total liabilities	229,936	200,678	177,065
Net current assets	76,014	79,477	35,692
Net assets	175,103	182,706	160,063

We recorded a decrease in net current assets from RMB79.5 million as at 31 December 2023 to RMB35.7 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million mainly by way of share repurchase and capital reduction in March 2024 and increase in bank borrowings, in particular RMB21.4 million of non-current borrowings as at 31 December 2023 have been reclassified as current borrowings as at 31 December 2024.

We recorded an increase in net current assets from RMB76.0 million as at 31 December 2022 to RMB79.5 million as at 31 December 2023. Such increase was mainly due to the decrease in current liabilities outweighing the decrease in current assets. The decrease in current assets of RMB25.0 million was mainly due to the decrease in financial assets at fair value through profit or loss and cash and cash equivalents, being partially offset by the increase in trade receivables. The decrease in current liabilities of RMB28.5 million was mainly due to the decrease in accruals and other payables and contract liabilities, which was partially offset by the increase in trade payable.

We recorded a decrease in net assets from RMB182.7 million as at 31 December 2023 to RMB160.1 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction in March 2024 and the dividend distribution of RMB31.5 million during the year, as partially offset by the net profit for the year of RMB41.3 million.

We recorded an increase in net assets from RMB175.1 million as at 31 December 2022 to RMB182.7 million as at 31 December 2023. Such increase was mainly attributable to the net profit for the year of RMB27.6 million, as partially offset by the dividend distribution of RMB20.0 million during the year.

Cash Flows

The following table sets out selected cash flows data from our consolidated statements of cash flows for the year indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	60,436	24,521	54,630
Net cash (used in)/generated from investing activities	(99,298)	29,582	(28,133)
Net cash generated from/(used in) financing activities	44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents	6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year	15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents	1,398	356	268
Cash and cash equivalents at end of year	23,427	15,141	7,609

Key Financial Ratios

	FY2022	FY2023	FY2024
Liquidity ratios			
Current ratio (times)	1.4	1.5	1.2
Quick ratio (times)	0.9	0.9	0.8
Capital adequacy ratios			
Gearing ratio *(%)*	63.2	47.5	55.9
Net debt to equity ratio *(%)*	49.8	39.3	51.2
Interest coverage	31.2	21.5	25.2
Profitability ratios			
Return on total assets *(%)*	9.2	7.2	12.3
Return on equity *(%)*	21.4	15.1	25.8
Net profit margin *(%)*	9.5	7.9	11.8

Note: Please refer to the section headed "Financial Information – Key Financial Ratios" in this prospectus for the basis of calculation of such financial ratios.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Xiamen Rongxin, Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are our Controlling Shareholders and will, directly or indirectly, hold approximately 74.98% of the issued share capital of our Company immediately following completion of the Global Offering (without taking into account Shares which may be issued pursuant to the exercise of the Over-allotment Option).

PRE-IPO INVESTMENTS

Between April to December 2021, our Company obtained several rounds of investments from the Pre-IPO Investors (including Raycloud Technology, Xiamen Yijiayi, Xiamen Shangzhi Lianyao, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde) through subscriptions for increased registered capital of our Company. For further details of the Pre-IPO Investments, please refer to the section headed "History, Development and Corporate Structure" of this prospectus. According to the PRC Company Law, all current Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date.

LISTING EXPENSES

Based on the Offer Price of HK$11.00 (being the mid-point of the Offer Price range stated in this prospectus and assuming the Over-allotment Option is not exercised at all), the total Listing expenses (including legal and professional fees, underwriting fees and other relevant expenses) in relation to the Global Offering payable by us are estimated to be RMB49.0 million. For FY2022, FY2023 and FY2024, our Listing expenses charged to our consolidated statement of comprehensive income were nil, RMB8.6 million and RMB8.3 million, respectively. We expect to further recognise Listing expenses of RMB13.8 million to our consolidated statement of comprehensive income subsequent to the Track Record Period and to deduct from equity of RMB18.3 million upon Listing.

The total Listing expenses of RMB49.0 million borne by us include (i) underwriting-related expenses, including underwriting commission, of RMB13.1 million; (ii) professional fees, including fees of legal advisers and the Reporting Accountant, of RMB20.7 million; and (iii) other fees and expenses of approximately RMB15.2 million.

DIVIDEND

For FY2022, FY2023 and FY2024, dividends of RMB5.0 million, RMB35.0 million and RMB31.5 million have been paid by our Company to our Shareholders. As advised by our PRC Legal Advisers, the historical dividend payments of our Group were declared and paid in accordance with the applicable PRC laws.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Since our Company and a majority of our major subsidiaries were established in the PRC, the future dividend payments of our Company will depend largely upon the availability of dividends received from our subsidiaries in the PRC, which were subject to the PRC laws. Under the PRC laws, dividends can only be paid out of distributable profit of a PRC company. PRC laws require that dividends be paid only out of the profit for the year calculated according to the PRC GAAP, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require our subsidiaries to set aside at least 10% of its net profit as statutory reserves, which are not available for distribution as cash dividends. Distributable profit is our profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Company has adopted a dividend policy to pay an annual dividend at a ratio of no less than 30% of profit attributable to owners of the Company.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering will be HK$148.3 million, assuming an Offer Price of HK$11.00 per H Share (being the mid-point of the indicative range of the Offer Price of HK$10.00 to HK$12.00 per H Share) without the exercise of the Over-allotment Option.

We currently intend to use the net proceeds from the Global Offering as follows:

- approximately 36.5% of the net proceeds or HK$54.2 million, will be used for R&D activities to expand our product portfolio and enhance our R&D capacity;
- approximately 33.4% of the net proceeds or HK$49.5 million, will be used to strengthen our production efficiency and effectiveness;
- approximately 20.1% of the net proceeds or HK$29.8 million, will be used to expand our sales network and international presence; and
- approximately 10.0% of the net proceeds or HK$14.8 million, for working capital and general corporate purposes.

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks and uncertainties involved in our business and operations, some of which are beyond our control. These risks are set out in "Risk Factors" in this prospectus which include but not limited to:

- A significant portion of our revenue is derived from international markets and we are therefore subject to any material adverse changes to these markets.
- Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States.
- We are exposed to foreign exchange risks.
- Failure to maintain an effective quality control system on the manufacturing of our products could harm our business.

- We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.

- We may be exposed to risks of infringement in relations to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties.

STATISTICS OF THE GLOBAL OFFERING

	Based on an Offer Price of HK$10.00 per Offer Share	**Based on an Offer Price of HK$12.00 per Offer Share**
Market capitalisation of our Shares *(Note 1)*	HK$947.3 million	HK$1,136.8 million
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)*	HK$3.18	HK$3.54

Notes:

1. The calculation of market capitalisation is based on 94,733,000 Shares expected to be in issue immediately following the Global Offering (assuming that the Over-allotment Option is not exercised), including 18,400,000 H Shares expected to be issued under the Global Offering and 76,333,000 Domestic Shares expected to be converted into H Shares on a one-for-one basis upon the completion of the Global Offering.

2. The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" to this prospectus and on the basis of 94,733,000 Shares (representing 76,333,000 Shares as at 31 December 2024 and 18,400,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on 31 December 2024 but does not take into account any Shares which may be allotted and issued by the Company pursuant to the Over-allotment Option or the general mandate or repurchased by the Company pursuant to the repurchase mandate as described in the section headed "Share Capital" in this prospectus.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering in the PRC (the "**A Share Listing Attempt**"). On 25 June 2021, our Company had engaged Sinolink Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. However, considering the then capital market environment, and based on the discussions with the Tutoring Agency, our Company considered that there were uncertainties with respect to the timetable for completing the A share listing, thus, our Company voluntarily decided not to pursue the A Share Listing Attempt.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model remained unchanged subsequent to the Track Record Period. In January 2025 and February 2025, Rongta (SG) and Rongta (Malaysia) were incorporated as our Company's wholly owned subsidiaries, respectively, to support our overseas expansion in Southeast Asia.

Sino-U.S. and Global Trade Tension

In recent years, there have been increasing trade frictions between the United States and China driven by a range of factors, including legislative actions, economic sanctions and executive orders. In February 2025, the United States government imposed a 10% tariff on imports from China. Such tariff was further increased to 20% in March 2025. On 2 April 2025, the United States government imposed a reciprocal tariff of 34% on imports from China. Such reciprocal tariff was subsequently raised to 84% and further revised to 125% on 8 April 2025 and 9 April 2025, respectively (the "**Additional Tariffs**"). On 12 May 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to, among others, (i) suspend the tariff duty of 24% for an initial period of 90 days; and (ii) remove all of the Additional Tariffs (the "**Joint Statement**"). On 13 May 2025, the U.S. government issued an executive order to confirm and implement the modifications stated in the Joint Statement.

As at the Latest Practicable Date, imports from China, including our printing equipment, scales, POS terminals and PDAs, to the United States were subject to a tariff rate of 30% on top of any other tariff and duties which had already been implemented before February 2025, and it remained uncertain how the Sino-U.S. and global trade tension will develop.

For FY2022, FY2023 and FY2024, our sales to the United States amounted to RMB48.4 million, RMB38.1 million and RMB36.5 million, accounting for 12.3%, 10.9% and 10.4% of our total revenue, respectively. During the Track Record Period, all tariffs were borne by our customers according to the agreed terms.

We have implemented the following measures to mitigate the risks arising from the Sino-U.S. and global trade tension:

(i) we are closely monitoring the developments in the Sino-U.S. and global trade relations and maintaining regular communication with our customers in the United States to explore mutually acceptable solutions, such as order rescheduling, to mitigate the impact of the increased tariff rates. We initiated negotiations with certain customers in the United States, including arrangements for temporary deferrals of product deliveries under mutually agreed terms, and all such deliveries have been completed as at the Latest Practicable Date; and

(ii) we are expediting the establishment of our new production centre in Malaysia, where the tariffs imposed by the United States on imports from Malaysia were lower than those imposed on Chinese imports as at the Latest Practicable Date. To the best knowledge of our Directors, (a) the United States government implemented a 90-day pause on the reciprocal tariff on imports from Malaysia in April 2025, and the tariff rate on imports from Malaysia is 10% as at the Latest Practicable Date; and (b) assuming that the 90-day pause lapses in July 2025 and there is no further development of the tariff-related matters, imports from Malaysia will be subject to a tariff rate of 24%. It is expected that the new production centre in Malaysia will commence operation in the second quarter of 2025. We have entered into a tenancy agreement in April 2025 for a premises in Malaysia which will be used as the production centre, and we have commenced the renovation and sourcing of the machinery and equipment for the production centre.

However, there can be no assurance that these advantages will persist if trade tensions escalate further or market dynamics shift. If our customers in the United States reduce or stop placing purchase orders with us and we are unable to find alternative customers to place orders with us at similar quantities, prices, or at all, our business performance, financial condition, and results of operations may be adversely affected. There is no guarantee that there will not be further amendments or updates of the applicable tariff rates announced by the United States government against imports from China, or all tariffs will be borne by our customers. If there are additional tariffs imposed by the United States government or if we are required to bear the tariffs, our financial performance may be materially and adversely affected. For details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States".

Asset Preservation over the New Xiamen Base

As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the New Xiamen Base was under asset preservation by the court (the "**Asset Preservation**"). To the best knowledge and belief of our Directors, in April and May 2025, the plaintiff of the previous civil proceeding against our Group applied for the asset preservation in the Intermediary People's Court of Xiamen City for the dispute in relation to an alleged infringement of trade secrets.

As advised by our PRC Legal Advisers:

(i) based on the information available to us as at the date of this prospectus, save for the Asset Preservation, they are not aware of any litigation actions or separate civil proceedings initiated and served to our Company;

(ii) according to the Civil Procedure Law of the PRC (中華人民共和國民事訴訟法), for asset preservation before commencement of legal proceedings, if the applicant does not initiate a lawsuit or apply for arbitration in accordance with the law within 30 days after the court has taken the measure of preservation, the court shall lift the asset preservation;

(iii) the Asset Preservation is an interim measure to preserve the property before or during the legal proceedings, which has no bearing on the merits of the related claim;

(iv) the Asset Preservation does not restrict our Group's right to possess, use and lease out the New Xiamen Base; and

(v) the legal proceedings, even if initiated, will involve lengthy proceedings and it will likely take at least 12 months before a decision on merits can be made by the court.

Our Directors consider, and the Sole Sponsor concurs, that the Asset Preservation did not and will not cause any material adverse impact on the Group's business, financial conditions and results of operations based on the following reasons:

(i) as at the date of this prospectus, save for the Asset Preservation, our Directors are not aware of any litigation actions or separate civil proceedings initiated and served to our Company, and our Directors have no knowledge about whether such proceedings will be initiated at all, and if yes, when such proceedings will be initiated;

(ii) even if any legal proceedings are initiated (the "**Possible Legal Proceedings**"), the process would be lengthy (including any extension and submission of documents and/or information provided to the court, if applicable, which can extend to more than 12 months after the Listing Date) before the decision of any possible lawsuits, and the Asset Preservation has no bearing on the merits of the claim; and

(iii) our Controlling Shareholders have undertaken to indemnify for any such amount exceeding RMB9.4 million. Since the legal process may be lengthy, our Controlling Shareholders have agreed that, in case of the Possible Legal Proceedings being initiated, they will voluntarily extend the lock-up period of the Shares held at the completion of the Listing to the final conclusion of the Possible Legal Proceedings. Based on the low end of the indicative Offer Price range and the estimated market capitalisation of HK$947.3 million of the Company, and the aggregated shareholding of approximately 74.98% of the Controlling Shareholders immediately following the completion of the Global Offering without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the market value of the securities held by our Controlling Shareholders would be approximately

HK$710.3 million. Our Directors are of the view that such indemnity provided by our Controlling Shareholders is sufficient to cover the amount of the Asset Preservation and the claims from the Possible Legal Proceedings. In any event, the Group will vigorously assert its defence to safeguard the interest of the Group and the Shareholders in the Possible Legal Proceedings.

Save for the Asset Preservation, we are not aware of any legal actions or separate civil proceedings initiated against our Company. Even if the applicant lodges the Possible Legal Proceedings against us, we will vigorously assert our defence to safeguard interest of our Company and our Shareholders in the proceedings, if any, and we believe that it is unlikely that the expected compensation, if any, will bring adverse impact to our Group's operation and financial position. For details of the legal proceedings, please refer to the paragraph headed "Business - Legal and Compliance - Legal Proceedings" in this prospectus.

Save as disclosed above, our Directors are of the view that, as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2024, being the end date of the period reported in Appendix I to this prospectus, and there is no event since 31 December 2024 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

In this prospectus, the following words and expressions shall have the meanings set out below unless the context otherwise requires. Certain other terms are explained in "Glossary of Technical Terms" in this prospectus.

"Accountant's Report"	the accountant's report 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"	Accounting and Financial Reporting Council (會計和財務匯報局)
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted by the then Shareholders on 26 May 2025 which will become effective on the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"business day(s)"	any day(s) (other than Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licenced banks in Hong Kong are generally open to the public for normal banking business
"Capital Market Intermediaries"	the capital market intermediaries participating in the Global Offering, which includes the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Manager as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China" or "PRC"	The People's Republic of China and, except where the context otherwise requires, and only for the purpose of this prospectus and for geographical reference purposes, references in this prospectus to China or the PRC exclude Hong Kong, the Macao Special Administrative Region and Taiwan, China
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司), a limited liability company established in the PRC on 20 December 2010 and subsequently converted into a joint stock company with limited liability on 28 October 2019, whose predecessor was Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Rongxin, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng
"Conversion of Domestic Shares into H Shares"	the conversion of 76,333,000 Domestic Shares in aggregate held by the Shareholders into H Shares on a one-for-one basis upon the completion of Global Offering. Such conversion of Domestic Shares into H Shares has been approved by the CSRC on 5 February 2025 and an application for H Shares to be listed on the Hong Kong Stock Exchange has been made to the Hong Kong Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"COVID-19"	the coronavirus disease (COVID-19)

"CSRC"	the China Securities Regulatory Commission (中華人民共和國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Deed of Indemnity"	a deed of indemnity dated 27 May 2025 entered into by our Controlling Shareholder(s) in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in "Statutory and General Information – F. Other Information – 1. Tax and other Indemnities" in Appendix VII to this prospectus
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share in our capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC-incorporated entities
"EIPO"	Electronic Initial Public Offering, a service offered by HKSCC for public offer share subscription
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	"Fast Interface for New Issuance", an online platform operated by HKSCC 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 on the Stock Exchange
"Frost & Sullivan"	Frost & Sullivan, an independent industry consultant commissioned by us to prepare the F&S Report

"FY2022", "FY2023", "FY2024"	for the financial years ended 31 December 2022, 2023 and 2024, respectively
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, 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, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with nominal value of RMB1.0 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"**HK eIPO White Form**"	the application of the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through FINI in accordance with your instruction
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 1,840,000 H Shares initially offered for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offering by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 29 May 2025 relating to the Hong Kong Public Offering and entered into by (i) our Company; (ii) our executive Directors; (iii) our Controlling Shareholders; (iv) the Sole Sponsor; (v) the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers; and (vi) the Hong Kong Underwriters, as further described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Underwriting Agreement" in this prospectus
"IFRSs"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"IMachine"	IMachine (Xiamen) Intelligent Devices Co., Ltd.* (艾碼訊(廈門)智能設備有限公司), a limited liability company established in the PRC on 15 November 2017 and a direct wholly-owned subsidiary of our Company
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is/are independent and not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 16,560,000 H Shares initially offered for subscription pursuant to the International Offering, subject to the Over-allotment Option and reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"International Offering"	the conditional offering of the International Offer Shares by the International Underwriters at the Offer Price with professional, institutional and other investors by the International Underwriters on behalf of our Company as further described in "Structure and Conditions of the Global Offering" in this prospectus

"International Sanctions"	all applicable laws and regulations related 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 US Government, the European Union and its member states, United Nations or the Government of Australia
"International Underwriters"	the underwriter who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement expected to be entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the International Underwriters and the Capital Market Intermediaries in respect of the International Offering on or about the Price Determination Date, as further described in "Underwriting – Undertakings Pursuant to the Listing Rules – The International Offering" in this prospectus
"Joint Bookrunners", "Joint Lead Managers"	the joint bookrunners and the joint lead manager as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Latest Practicable Date"	23 May 2025, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on Tuesday, 10 June 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"New Xiamen Base"	our headquarters in Xiamen located at No. 88, Tonghui South Road, Tong'an District, Xiamen, Fujian Province, the PRC (中國福建省廈門市同安區同輝南路88號), which serves as premises for our existing production base and main offices
"Nomination Committee"	the nomination committee of our Board
"NPC" or "National People's Congress"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NPC Standing Committee"	the Standing Committee of National People's Congress (全國人民代表大會常務委員會)
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed pursuant to the Global Offering, to be determined in the manner described in the section headed "Structure and Conditions of the Global Offering – Pricing and Allocation" in this Prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option
"Old Xiamen Base"	our previous headquarters in Xiamen located at the second, third and fourth floors of No. 1 Factory Building and the entire Industrial Complex, No. 889, Xinmin Avenue, Tong'an District, Xiamen, Fujian Province, the PRC (中國福建省廈門市同安區新民大道889號第1廠房二、三、四層、工業綜合樓整棟)

"Overall Coordinator" or "Yue Xiu Securities" or "Sole Global Coordinator"	Yue Xiu Securities Company Limited, a licenced corporation under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable at the sole discretion of the Overall Coordinator (for itself and on behalf of the International Underwriters) pursuant to which our Company may be required to allot and issue up to 2,760,000 H Shares at the Offer Price (representing 15% of the Offer Shares initially being offered under the Global Offering) to cover over-allocation in the International Offering, the details of which are described in "Underwriting" in this prospectus
"Partner Tech Group"	Partner Tech Corp., a company established in Taiwan, China with limited liability on 21 February 1990, whose shares are traded on the Emerging Stock Board of the Taipei Exchange (stock code: 3097), and its subsidiary(ies)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Posiflex Group"	Posiflex Technology, Inc., a company established in Taiwan, China with limited liability on 13 August 1984, whose shares listed on the Taiwan Stock Exchange Corporation (stock code: 8114), and its subsidiary(ies)
"PRC Company Law" or "Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	the Accounting Standards for Business Enterprises (企業會計準則) promulgated by the Ministry of Finance
"PRC government" or "State"	the central government of the PRC, including 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 Advisers"	Tenet & Partners, our legal advisers as to PRC Laws
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the respective investment agreement(s), the details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who invested in our Company prior to this initial public offering, the details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" in this prospectus
"Price Determination Agreement"	the price determination agreement to be entered into between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on Friday, 6 June 2025 on which the Offer Price will be determined for the purposes of the Global Offering
"Raycloud Technology Group"	Hangzhou Taoyun Science and Technology Co., Ltd* (杭州淘雲科技有限公司), a company established in the PRC with limited liability on 26 September 2012 and Hangzhou Maijie Information Technology Co., Ltd.* (杭州麥杰信息技術有限公司), a company established in the PRC with limited liability on 18 October 2017, which are the subsidiaries of Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司), one of our Pre-IPO Investors, whose shares are listed on the Shanghai Stock Exchange (stock code: 688365)
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or our Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"Reporting Accountant"	PricewaterhouseCoopers, the auditor and reporting accountant of our Company

"RM"	Malaysian ringgit, the lawful currency of Malaysia
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rongda Zhiyuan"	Rongda Zhiyuan (Xiamen) Trading Co., Ltd.* (容大致遠廈門貿易有限公司), a limited liability company established in the PRC on 4 March 2021 and a direct wholly-owned subsidiary of our Company prior to its deregistration on 27 August 2021
"Rongda Zhongcheng"	Xiamen Rongda Zhongcheng Trading Co., Ltd.* (廈門容大眾成貿易有限公司), a limited liability company established in the PRC on 25 April 2021 and a direct wholly-owned subsidiary of our Company prior to its deregistration on 18 November 2021
"Rongta LiZhong"	Rongta LiZhong Trade Co., Ltd.* (容大利眾(廈門)貿易有限公司), a limited liability company established in the PRC on 4 March 2021 and an indirect wholly-owned subsidiary of our Company
"Rongta Trade"	Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司), formerly known as Xiamen Wanfang Tianxia Trading Co., Ltd.* (廈門市萬方天下貿易有限公司), a limited liability company established in the PRC on 15 December 2017 and a direct wholly-owned subsidiary of our Company
"Rongta (Malaysia)"	Rongta Technology (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 12 February 2025 and an indirect wholly-owned subsidiary of our Company
"Rongta (SG)"	Rongta Technology Pte. Ltd., a private company limited by shares incorporated in Singapore on 20 January 2025 and a direct wholly-owned subsidiary of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

"Severe Weather Signals"	a tropical cyclone warning signal number 8 or above; a black rainstorm warning; and/or extreme condition(s) caused by a super typhoon as announced by the government of Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
"Share(s)"	ordinary share(s) with par value RMB1.00 each in the share capital of our Company
"Shareholder(s)" or "our Shareholder(s)"	holder(s) of the Share(s)
"Shun Bai Group"	Shun Bai Electric (Xiamen) co., Ltd.* (廈門順百電子有限公司), a company established in the PRC with limited liability on 29 July 2013, together with its subsidiary Fuzhou Fushunfa Electronics Co., Ltd.* (福州福順發電子有限公司), a company established in the PRC with limited liability on 15 June 2021
"SOE(s)"	Chinese state-owned enterprise(s)
"Sole Sponsor"	Yue Xiu Capital Limited, a licenced corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities, being the sole sponsor to the Global Offering
"Stabilising Manager"	Yue Xiu Securities Company Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisors of our Company

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising FY2022, FY2023 and FY2024
"treasury Shares"	has the meaning ascribed to under the Listing Rules
"TWD"	New Taiwan dollars, the lawful currency of Taiwan, China
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"US dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Withdrawal Mechanism"	a mechanism which requires our Company, among other things, to (i) issue a supplemental prospectus as a result of material changes in the information (such as the Offer Price) in this prospectus; and (ii) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for Shares despite the changes)
"Xiamen Gaoli Hezhong"	Xiamen Gaoli Hezhong Investment Partnership Limited Partnership* (廈門高立合眾投資合夥企業(有限合夥)), formerly known as Xiamen Gaoli Hezhong Consulting Management Partnership Limited Partnership* (廈門高立合眾諮詢管理合夥企業(有限合夥)), a limited partnership established in the PRC on 17 November 2017, an employee shareholding platform and one of our Controlling Shareholders

"Xiamen Gaoli Zhongcheng"	Xiamen Gaoli Zhongcheng Investment Partnership Limited Partnership* (廈門高立眾成投資合夥企業(有限合夥)), a limited partnership established in the PRC on 20 November 2018, an employee shareholding platform and one of our Controlling Shareholders
"Xiamen Rongxin"	Xiamen Rongxin Investment Co., Ltd.* (廈門容信投資有限公司), formerly known as Xiamen Rongxin Management Consulting Co., Ltd.* (廈門容信管理諮詢有限公司), a limited liability company established in the PRC on 13 October 2017 and one of our Controlling Shareholders
"Xingbang Trade"	Xingbang Trade Co., Ltd.* (廈門市興邦聯合貿易有限公司), a limited liability company established in the PRC on 19 October 2015 and a direct wholly-owned subsidiary of our Company
"sq.m."	square metre(s)
"%"	per cent

In this prospectus, the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc. marked "" are translations of their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option.

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

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

"AI"	artificial intelligence
"AIDC"	automatic identification and data capture, a variety of technologies applied to automatically identify objects, collect data about them, and enter that data directly into computer systems without human intervention
"Bluetooth"	a short-range wireless technology standard for data exchange between fixed and mobiles devices over short distances
"CAGR"	compound annual growth rate
"ERP"	enterprise resource planning, an information technology system integrating internal and external information such as accounting, financial information, human resources management, inventory management and warehouse management to facilitate automation of business operations
"FeliCa"	a contactless RFID smart card system primarily used in electronic money cards
"FOB"	free on board, which means that the seller pays for transportation of the goods to the port of shipment as well as loading costs; the buyer pays cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination; and the passing of risks occurs when the goods are loaded on board at the port of shipment
"GB2828 standard"	a Chinese national standard that outlines the method for sampling and acceptance testing of attributes in a batch of products
"GPS"	global positioning system
"IC"	integrated circuit, an electronic circuit consisting of individual circuit elements and electronic components

"ISO"	acronym for International Organisation for Standardisation, a series of international standards, including quality management and quality assurance standards published by the Universal Certification Services Co., Ltd., a non-government organisation for assessing the quality system of business organisations
"MIFARE"	a series of integrated circuit (IC) chips used in contactless smart cards and proximity cards
"NFC"	near-field communication, a set of communication protocols that enables two electronic devices or one electronic device and an NFC tag to communicate with each other
"OBM"	original brand manufacturing, a type of manufacturing under which a company designs and markets products under its own brand name. Such manufacturer typically assumes full responsibility and control for the product, from design to manufacturing to marketing
"OCR"	optical character recognition
"ODM"	original design manufacturing, a type of manufacturing under which a manufacturer designs and manufactures products that are typically rebranded by another company for sale. The manufacturer typically does not simply rely on the designs or production blueprints provided by the brand owners. Instead, the manufacturer handles both the product design and development and the manufacturing process after receiving preliminary ideas from the customers, such as the intended and desired purposes, functions, and physical attributes of the products
"OEM"	original equipment manufacturing, a type of manufacturing under which a manufacturer produces parts or products that are then sold by another company under its own brand name. The manufacturer manufactures components or complete products primarily based on the specifications provided by the brand owner, who typically: (a) has control over the manufacturing process; (b) provides complete designs or detailed production blueprints to the manufacturers; (c) does not require any R&D or design input from the manufacturers; and (d) markets and sells the final products

"PCB"	printed circuit board, a board base for physically supporting and wiring the surface-mounted and socketed components in most electronics
"PCBA"	printed circuit board assembly, a printed circuit board populated with electronic components
"PDA"	personal digital assistant, a handheld electronic device that functions as a data terminal for users to collect data efficiently and achieve digital management of their businesses
"POS"	point of sale, the location where a transaction occurs
"QR code"	quick response code, a machine-readable optical label that contains information about the item to which it is attached
"R&D"	research and development
"RFID"	radio-frequency identification
"specialty printers"	a type of printing device designed to perform specific and niche tasks that require specialised printing capabilities and are not typically handled by standard, general-purpose printers
"Wi-Fi"	a wireless local area network certified by the Wi-Fi Alliance for wireless local area network products based on the IEEE 802.11 standards, and a common IoT communication protocol which is available in home and business environments

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as "expect", "believe", "plan", "intend", "estimate", "project", "potential", "anticipate", "seek", "may", "will", "would", "should" and "could" or similar words or statements, in particular, in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus, and the following:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group's operation and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general;
- general economic, market and business conditions in the PRC and the overseas;
- changes or volatility in foreign exchange rates;
- the products, actions and developments of our competitors;
- general political and economic conditions in the PRC and overseas;
- capital market developments;
- our ability to attract and retain customers;
- our ability to attract and retain qualified employees and key personnel;
- our ability to protect our brand, trademarks or other intellectual property rights;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- the future development and trends in our Group's industry; and
- risks identified under the section headed "Risk Factors" in this prospectus.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our Group's control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in "Risk Factors" in this prospectus.

An investment in our H Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our H Shares. If any of the circumstances or events described in this section actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

The following is a description of what we consider to be our material risks, some of which are beyond our control. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial position and results of operations.

There are certain risks and uncertainties involved in our business and operations, some of which are beyond our control. We have broadly categorised these risks and uncertainties into (i) risks relating to our business and industry; and (ii) risks relating to our H Shares and the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

A significant portion of our revenue is derived from international markets and we are therefore subject to any material adverse changes to these markets.

During the Track Record Period, a significant portion of our Group's revenue was generated from various overseas regions including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. For FY2022, FY2023 and FY2024, approximately 45.4%, 45.5% and 47.1% of our revenue, respectively are generated from the regions other than the PRC. Please refer to the section headed "Business – Sales and Marketing" in this prospectus for details. Our Directors anticipate that exports of our products to these overseas markets will continue to make up a significant portion of our revenue in the near future.

Given the above and our overseas sales, we are subject to various risks and uncertainties related to overseas sales, such as: (i) a global economic downturn in overseas markets that affects consumer confidence in general; (ii) fluctuations in foreign currencies' exchange rates, particularly RMB against USD; (iii) trade barriers, such as tariffs, taxes, trade bans, import controls, and other restrictions which may increase the cost of our products, affect their competitiveness in foreign markets, or even limit or prohibit our ability to sell in certain jurisdictions; (iv) higher costs associated with understanding overseas market trends and maintaining overseas marketing and sales activities; (v) our inability to maintain or enforce intellectual property rights in overseas jurisdictions; (vi) local economic, political, social, and labour instabilities; (vii) changes in foreign laws, regulations, requirements, trade, monetary or fiscal policies, and industry standards; (viii) natural disasters, acts of war, domestic or international terrorist attacks and hostilities, or other complications; (ix) difficulty in effectively enforcing contractual provisions in local jurisdictions; (x) potential disputes with foreign parties we work with; (xi) exposure to litigation or third-party claims outside of China; (xii) economic sanctions, trade restrictions, discrimination, protectionism, or unfavourable policies against Chinese companies; (xiii) the enforcement of anti-corruption and anti-bribery laws, such as the Foreign Corrupt Practices Act; (xiv) the impact of applicable local tax regimes, royalties, and other payment obligations owed to local governments, as well as potentially adverse tax consequences; (xv) disruptions to capital and trading markets; (xvi) restrictions on the transfer or repatriation of funds and foreign investments; and (xvii) concerns of local governments and regulators about our products and relevant management arrangements.

We cannot guarantee that the occurrence of these uncertainties would not affect a particular country, such as the United States, which could have a significant impact on other countries. Any occurrence of these uncertainties may materially adversely affect the continuity of our business, results of operations, and financial condition.

Our financial performance and results of operations may be adversely affected by trade protectionism, global trade policies and any further increase in the tariffs imposed on our products exported to the United States.

Our overseas sales may be impacted by unfavourable changes in global trade policies and trade protectionism measures beyond our control, including the imposition of sanctions, trade barriers, and boycotts. The introduction of such measures in major markets such as Asia (excluding the PRC), Europe, and the United States could adversely affect international trade and our overall export volume and value. Our sales and financial performance may be negatively affected as a result. Additionally, trade protectionism may create financial market volatility, which may slow down economic activity in our major export markets and, consequently, negatively impact our business strategies and financial performance in those markets. We cannot guarantee that our products will not be subject to anti-dumping duties, or quota fees when exported to our major markets, including the United States.

For FY2022, FY2023 and FY2024, our sales to the United States amounted to RMB48.4 million, RMB38.1 million and RMB36.5 million, accounting for 12.3%, 10.9% and 10.4% of our total revenue, respectively. Taking into account the increasing trade frictions between the United States and China driven by a range of factors, including legislative actions, economic sanctions and executive orders, we cannot guarantee that future developments will not lead to restrictions on transactions and investments involving Chinese enterprises or impose additional costs on our sales to the United States. In February 2025, the United States government announced the imposition of a 10% tariff on imports from China, which was doubled to 20% in March 2025. On 2 April 2025, the United States government imposed a reciprocal tariff of 34% on imports from China. Such reciprocal tariff was subsequently raised to 84% and further revised to 125% on 8 April 2025 and 9 April 2025, respectively (the "**Additional Tariffs**"). On 12 May 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to, among others, (i) suspend the tariff duty of 24% for an initial period of 90 days; and (ii) remove all of the Additional Tariffs (the "**Joint**

Statement”). On 13 May 2025, the U.S. government issued an executive order to confirm and implement the modifications stated in the Joint Statement. As at the Latest Practicable Date, imports from China, including our printing equipment, scales, POS terminals and PDAs, to the United States were subject to a tariff rate of 30% on top of any other tariff and duties which had already been implemented before February 2025, and it remained uncertain how the Sino-U.S. and global trade tension will develop. During the Track Record Period, all tariffs were borne by our customers according to the agreed terms. Such additional tariffs could render our products less price competitive and adversely affect revenue derived from the United States. Any additional tariffs imposed by the United States government on our products could increase our customers’ purchase costs and adversely affect our sales volume, profitability, and overall results of operations. The additional tariffs may affect the competitiveness of our products against our competitors outside China, in particular our competitors in the United States, which are not subject to the additional tariff imposed on export sales from China. If our customers in the United States reduce or stop placing purchase orders with us and we are unable to find alternative customers to place orders with us at similar quantities, prices, or at all, our business performance, financial condition, and results of operations may be adversely affected. There is no guarantee that there will not be further amendments or updates of the applicable tariff rates announced by the United States government against imports from China, or all tariffs will be borne by our customers. If there are additional tariffs imposed by the United States government or if we are required to bear the tariffs, our financial performance may be materially and adversely affected. Additionally, we cannot guarantee that we will be able to respond quickly to economic, market, or regulatory changes in the United States market, and any failure to do so may have an adverse effect on our business performance, financial condition, and results of operations.

The continuity of our business is reliant on our capacity to retain our Directors, Supervisors, senior management, and other key personnel, as well as attracting and recruiting new talented individuals.

Our future growth largely depends on the continuing contribution from, and our ability to retain, our Directors, Supervisors, senior management and key personnel. The expertise and experience of our senior management in our industry are crucial to our success. Please refer to the section headed “Directors, Supervisors and Senior Management” in this prospectus for details. Our success also depends on our key personnel with technical experience. We cannot assure you that the service of our Directors, Supervisors, senior management and key personnel will continue in the future. Should any of our current Directors, Supervisors, senior management or key personnel become unable or unwilling to work for us, we may incur additional expenses to recruit and retain suitable replacements. In the event that we are unable to recruit new talented individuals who have similar knowledge or experience, or if any of our Directors, Supervisors, senior management or key personnel joins our competitors or establishes a new company that becomes a competitor, our business may be adversely affected.

Our sustainable growth depends on our ability to effectively develop, manage and optimise our global sales network and customer relationships.

Our sustainable growth depends on our ability to effectively develop, manage and optimise our global sales network while fostering stable customer relationships worldwide. Ineffective development or management of our sales channels could lead to suboptimal sales performance, inefficiencies, and increased operational costs. For instance, failure to adequately support customers in need of our product customisation services may result in decreased orders and weakened business ties. Similarly, any deficiencies in promoting our brands "RONGTA" and "iMACHINE" might diminish brand recognition and customer loyalty, resulting in potential product obsolescence of our products. Furthermore, it requires continuous monitoring and adaptation to market trends, customer preferences and competitive landscape to optimise our global sales network. If we fail to effectively develop, manage and optimise our sales network or maintain strong relationships with our customers, our business, financial condition and results of operations could be adversely affected.

Failure to obtain or renew any or all of the licences, certificates and permits our business required could adversely affect our business, financial condition and results of operations.

We are required to maintain various licences, certificates and permits. We are also required to comply with applicable standards in relation to our production processes, in particular, our production base in the PRC is subject to annual product quality inspection by the regulatory authorities for compliance with the relevant laws and regulations in the PRC. If we fail to pass these inspections, or otherwise obtain or renew our licences, certificates and permits, it could lead to temporary or permanent suspension of some or all of our production activities which would adversely affect our business, financial condition and results of operations.

We are exposed to credit risks of our customers.

Our credit risk arises from default by our counterparties, primarily including our customers. We recorded trade and note receivables balance of RMB24.8 million, RMB60.8 million and RMB66.2 million as at 31 December 2022, 2023 and 2024, respectively. We normally grant our credit customers and distributors with a credit term of within four months and one month from the invoice date, respectively. Our major customers may default on their payment to us as a result of deteriorating financial condition or liquidity issues. As at 31 December 2022, 2023 and 2024, the allowance for impairment of trade receivables amounted to RMB0.5 million, RMB0.7 million and RMB0.4 million, respectively. We cannot guarantee that our customers would settle our outstanding trade balance on time, or at all. If our customers delay in settling the payments or default in making payments, our cash flow may be negatively affected, and our Group may have to make provision for impairment, write off the receivables, incur legal costs to recover the outstanding sum from our customers and/or seek alternative financing to maintain our operating cash flow so as to fulfil our business payment obligation, which may in turn have a material and adverse impact on our financial condition and results of operations.

We operate in a competitive market and may not be able to compete successfully against our existing and future competitors.

We continuously face competition in various aspects of our business. The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. As a major market in Asia Pacific, the PRC accounts for approximately 16.6% of the global market share of the global AIDC devices market in 2023, which is overall fragmented with more than 2,500 industry participants. We cannot assure you that we will be able to compete effectively or efficiently with current or future competitors. Our competitors may be able to develop products better accepted by the customers or may be able to respond more quickly and effectively to new opportunities and changing technologies, regulations and customers' needs. In addition, some of our competitors may quickly expand their existing customer base and sales network and adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, financial condition, and prospects may be materially and adversely impacted.

Unexpected disruptions to our production facilities and liability in connection with industrial accidents during our production process may adversely affect our business operations.

Our operations at our New Xiamen Base are subject to operational risks. These risks include but not limited to disruption of water or power supply and breakdown or malfunction of our machinery, which could result in delay, temporary suspension, permanent, partial or complete shut-downs of our production. In the event that our New Xiamen Base or our suppliers or customers is subject to the disruption of operations, water or electricity supply, we may (i) encounter material disruption or delay in the supply chain and delivery of raw materials to us by our suppliers; or (ii) be required to suspend or cease the production activities; or (iii) encounter substantial delay in delivery of our products to our customers, due to unavailability of transportation or otherwise, which in turn, may adversely affect our business and financial condition. If there is any increment in the electricity cost in the future, our production cost will be increased accordingly. In addition, as a result of disruption to our operations, our production volume and the utilisation rate of our production plants may be affected, which may result in a drop in our gross profit margin and profitability.

In addition, in the event of, globally, (i) natural disasters; (ii) political instability, riots, civil unrest and terrorist attacks; (iii) outbreak of infectious diseases; and (iv) other events that are beyond our control, we may incur substantial losses due to loss of revenue from disruption of production, and additional expenditure on repairs or replacement of our damaged equipment and machinery depending on the nature of the occurrence of the events. Further, the production capacity would be negatively affected and we may not deliver our products to our customers on time, which would impair our customers' confidence.

Moreover, as our production process involves the operation of tools, equipment and machinery, there is no assurance that no industrial accident, whether due to malfunctions of machinery or other reasons, resulting in injuries or even deaths will occur in the future. In such event, we may be liable for personal injury or death and monetary losses suffered by our employees, fines or penalties or other legal liability arising from violation of applicable laws and regulations. We may also be subject to disruptions to our business caused by equipment and/or equipment shutdown for investigation or implementation of safety measures. Our business, financial condition, results of operations may be materially and adversely affected.

Our business may be significantly affected by changes in the prices and availability of raw materials and consumables.

The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. During the Track Record Period, we also procured a limited amount of ICs from a supplier in Japan in the amount of RMB0.2 million in FY2023. Our cost of raw materials in relation to our production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively, and accounted for 82.7%, 82.6% and 84.6% of our total cost of sales for FY2022, FY2023 and FY2024, respectively. Thus, our operating results greatly depend on our ability to source quality raw materials and consumables at competitive prices. Prices of raw materials and consumables depend on a variety of factors beyond our control, including the global and PRC economy and related government policies and industry demand. For example, according to Frost and Sullivan, the prices of ICs and PCBs in the PRC increased at a CAGR of approximately 10.8% and 1.1% respectively during 2018 to 2023, and is expected to rise at a CAGR of 7.9% and 0.8% respectively during 2024 to 2028. We cannot guarantee that the price of our raw materials will remain at the current level and will not be in shortage. In addition, we may not be able to shift the increase in raw material costs to our customers in a timely manner or at all. Our financial results may be materially and adversely affected by the volatility in these costs. For a sensitivity analysis of the impact of fluctuations in our cost of raw materials, please refer to the section headed "Financial Information – Significant Factors Affecting Our Financial Condition and Results of Operations – Relationship with Our Suppliers and Cost of Raw Materials – Sensitivity Analysis" in this prospectus. Although our Directors consider that we have not previously experienced any material shortage in the supply of raw materials, should there be any shortage in the raw materials, the supply of our products and financial performance of our Group may be adversely affected.

Any prolonged labour shortage could materially and adversely affect our operations and financial results.

Some of our manufacturing processes are labour intensive. As at 31 December 2024, we had 607 employees in total, all of whom are based in the PRC. There is no assurance that we will be successful in retaining and recruiting suitable and qualified workers in sufficient numbers and in time for our existing and future manufacturing operations at reasonable costs or at all, and any prolonged shortage of labour could materially and adversely affect our operations and financial results.

We may experience inventories obsolescence if we fail to effectively manage our inventories.

Our inventories mainly consist of (i) raw materials; (ii) work-in-progress; and (iii) finished products. As at 31 December 2022, 2023 and 2024, we recorded provision for impairment of inventories of approximately RMB12.6 million, RMB13.4 million and RMB8.9 million respectively mainly due to obsolete stocks and slow-moving stocks. In particular, as at 31 December 2022, 2023 and 2024, our inventories amounted to approximately 35.2%, 37.8% and 35.6% of our total current assets respectively. Any failure to manage our inventories or accurately forecast the demand of our customers may result in obsolescence of our inventories, which in turn would adversely affect the result of our financial condition and results of operations.

We are exposed to foreign exchange risks.

Our Group's reporting currency is RMB. During the Track Record Period, a considerable portion of our revenue and some costs incurred by our Group in our business operation were denominated in foreign currencies including USD. Therefore, we are exposed to foreign exchange risks. Foreign exchange rate fluctuates from time to time and is affected by a number of factors, such as changes in the political and economic conditions in the relevant jurisdiction as well as the fiscal and foreign exchange policies prescribed by the local governments. Any significant fluctuations in the USD and RMB exchange rate could materially and adversely affect our results of operations. During the Track Record Period, we entered into foreign exchange forward contracts with banks in the PRC to manage our foreign exchange risks. We recorded net exchange gain of RMB3.3 million, RMB0.9 million and RMB2.1 million for FY2022, FY2023 and FY2024, respectively. There is no assurance that we may successfully mitigate our exposure to foreign currency fluctuations risks in the future. For further details on the sensitivity to a reasonably possible change in the USD and RMB exchange rate, please refer to the section headed "Financial Information – Market Risk and Risk Management – Foreign Currency Risk" in this prospectus.

We are therefore exposed to foreign currency risks and our profit margins may be adversely affected if we are unable to hedge foreign currency risk. Future movements in the USD and RMB exchange rate may adversely affect our financial condition and results of operations. To the extent we have entered into foreign exchange forward contracts and such management on foreign exchange exposure is not effective, our profit from sales may be eroded. Our exposure to foreign exchange fluctuations and movements in the USD and RMB exchange rate may adversely affect our results of operations and financial condition.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our financial condition and results of operations.

During the Track Record Period, we received various government grants from the government authorities. For FY2022, FY2023 and FY2024, such government grants amounted to RMB11.2 million, RMB6.7 million and RMB13.5 million, respectively, out of which RMB6.2 million, RMB6.3 million and RMB11.1 million were obtained or awarded in our ordinary and usual course of business. We were also entitled to preferential income tax treatments including but not limited to preferential corporate income tax rate of 15% for a period of three years due to the High and New Technology Enterprise accreditation of our Company in December 2020. The Company was granted with the renewed High and New Technology Enterprise accreditation in December 2023. The timing, amount and criteria of government grants and preferential tax treatments are determined by the relevant government authorities, and we do not have the ability to influence local governments in making these decisions. The discontinuation, reduction or delay of these government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatments that may become available to us in the future, and such failure may adversely affect our business, financial condition, results of operations and prospects. For details, please refer to note 8 to the Accountant's Report in Appendix I to this prospectus.

We rely on third-party logistics service providers and courier companies to deliver our products.

Since we do not have our own transportation team, we generally engage independent logistics service providers for the transport or delivery of our products to locations designated by our customers. Should the logistics service providers fail to comply with the transportation arrangements or any regulatory requirements, they may fail to transport or deliver our products to our customers in a timely manner or at all. Upon any failure by any of our existing logistics service providers to discharge their delivery obligations, we may not be able to find other suitable companies or agents as replacements on a timely basis, and our business, financial performance and operations may therefore be adversely and materially affected.

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

During the Track Record Period, certain of our customers settled their payments with us through third party payors (the "**Third Party Payment Arrangement(s)**"). For FY2022, FY2023 and FY2024, the revenue attributable to transactions subject to the Third Party Payment Arrangements accounted for approximately 3.5%, 4.2% and 2.3% of our total revenue for the corresponding periods, respectively. We have implemented various internal control measures to reduce the proportion of payments received from third party payors and to mitigate the relevant risks. For details, please refer to the section headed "Business – Third Party Payments."

We may be subject to various risks relating to such Third Party Payment Arrangements during the Track Record Period, including possible claims from third party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third party payors. In the event of any claims from third party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third party payments, we may have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

Failure to maintain an effective quality control system on the manufacturing of our products could harm our business.

We believe that the quality of our products is critical to the success of our business. However, there is no assurance that our products are entirely free from defects and that we are able to continue to maintain effective quality control on the manufacturing of our commercial and printing equipment in the future, which is determined by various factors, such as the adherence by our employees to the quality control measures and guidelines.

Consequently, any product defects identified by our customers or end users might erode our reputation and negatively affect our customer relationships and future business. Further, if our products could not meet the specifications and requirements requested by our customers, or if our defective or substandard products result in product returns, large-scale product recalls or customers suffering losses arising from product liability claims, our Group may be subject to product liability claims and other claims for compensation. Regardless of the outcome of any such claim, we may incur significant legal costs. Product failures or defects, any complaints from customers or negative publicity could lead to a decrease in sales of relevant and/or other products, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident fund for some of our employees as required by the relevant PRC laws and regulations. For FY2022, FY2023 and FY2024, the aggregate shortfall of social insurance and housing provident fund amounted to approximately RMB9.0 million, RMB9.5 million and RMB8.0 million. For details, please refer to the section headed "Business – Legal and Compliance – Legal Compliance" in this prospectus.

As advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations, (i) if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement.

We cannot assure you that the competent local government authorities will not require us to pay the outstanding amount within a specified deadline or impose a late payment fee on us, which may materially and adversely affect our financial condition and results of operations.

We are subject to R&D risks.

The AIDC devices and solutions industry is characterised by rapid technological innovation, evolving industry standard and changing client requirements. Accordingly, response to rapidly changing technologies and continual improvement of market know-how is the key competition focus. Our total R&D costs amounted to approximately RMB22.1 million, RMB20.9 million and RMB23.8 million for FY2022, FY2023 and FY2024, respectively, representing 6.0%, 6.6% and 7.4% of our total operating expenditure (excluding listing expenses) for the same periods, respectively. Out of the total R&D costs, approximately RMB7.7 million, RMB10.7 million and RMB8.5 million were capitalised as intangible assets for FY2022, FY2023 and FY2024, respectively, representing 2.1%, 3.4% and 2.6% of our total operating expenditure (excluding listing expenses) for the same periods, respectively. We are subject to the following associated R&D risks, including: (i) we may not be able to keep up with rapid changes in technology, industrial standard and customer requirements; (ii) our R&D plans and projects may not be successful or marketable; and (iii) we may be unable to develop and introduce new AIDC devices and solutions. If any of the above occurs, we may risk losing existing and potential customers and as a result, our business, results of operations and prospects could be adversely affected.

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

Research costs are recognised as an expense in the period in which it is incurred. Development costs that are directly attributable to the design and testing of identifiable systems and satisfied the criteria as set in the International Financial Reporting Standards are capitalised and will be amortised over the estimated useful life of the new systems once they are available for use. Our Group has applied the International Accounting Standards 38 ("**IAS 38**") issued by the International Accounting Standards Board which allow internally-generated intangible assets to be capitalised only if they meets the criteria as set out in IAS 38.

Certain development costs in relation to the development of various AIDC devices and solutions as incurred by us during the Track Record Period have been capitalised as intangible assets. For details, please refer to the section headed "Financial Information – Description of Selected Items of Consolidated Statements of Financial Position – Intangible Assets". Nevertheless, development costs that do not fulfil the criteria are recognised as expenses in the period in which it is incurred. If any future development costs do not meet the criteria as set out in IAS 38 and thus cannot be capitalised as intangible assets and are recognised as an expense, our financial results would be adversely affected.

As at 31 December 2024, we had intangible assets of RMB23.0 million which comprised capitalised development costs and computer software acquired. For details, please refer to note 16 to the Accountant's Report in Appendix I to this prospectus. If any of the capitalisation assumptions does not materialise, or if the performance of our business is not consistent with the assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For details of the impairment of our non-financial assets, please refer to note 40.7 to the Accountant's Report in Appendix I to this prospectus.

Our insurance policies may not be adequate to cover all risks of loss associated with our business operations.

We maintain different types of insurance policies, including employer's liability insurance and property insurance. Please refer to the section headed "Business – Insurance" in this prospectus for details.

There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of loss or liability for which we may be held liable. As a result, we may have to pay out of our own resources for any uninsured financial or other losses, damages and liabilities. In addition, we cannot guarantee that we can renew our policies on similar or other acceptable terms, or if at all. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

We may be exposed to risks of infringement in relations to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties.

The success of our business depends upon our ability to protect our intellectual property rights, technologies and knowhow that came into our possession for the production of our products, as well as our ability to protect our own brands. As at 31 December 2024, we had two brand names, namely "RONGTA" and "iMACHINE", which are material to our business. Our Group relies on patent laws, proprietary technology and contractual restrictions to protect our intellectual property. As at the Latest Practicable Date, our Group had a total of 52 trademarks, 4 domain names, 164 patents and 32 registered software copyrights in the PRC, which are material to our business. For the trademarks, patents and domain names we had obtained registrations as at the Latest Practicable Date, which we consider material to our business, please refer to the section headed "Statutory and General Information – B. Further Information about Our Business – 2. Our Material Intellectual Property Rights" in Appendix VII to this prospectus.

We cannot assure you that our measures intended to protect the above-mentioned intellectual property rights are sufficient in preventing any possible infringement by third parties. Our competitive position may be weakened if we fail to protect our intellectual property and other proprietary rights.

We cannot assure you that our products will not infringe any third party's intellectual property rights. We cannot assure you that third parties will not assert intellectual property claims against us during the course of our operations. Our business operation involves the production of customised products in accordance with the specifications provided by our customers, and we are unable to assure you that all such specifications do not infringe any third parties' intellectual property rights. During the Track Record Period, we were involved in civil proceedings in relation to an alleged infringement of trade secrets by our former employee. For details, please refer to the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus. The validity and scope of any claims often involve complex factual and legal issues and analysis, the outcomes are subject to uncertainty in matters including fact finding, legal proceedings, defence and time involved. The defence to such claims or related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our management. If our products are proved to have infringed any third party intellectual property rights, we may be required to compensate the owner of the intellectual property right for the damages suffered as a result of the infringement or to pay a fine for such infringement. There is no assurance that we will not face such claims in future. In such event, our business may be materially and adversely affected.

If our distributors are not able to operate successfully or we fail to maintain good relationships with our distributors, our business, financial condition and results of operations could be materially and adversely affected.

We sell a portion of our products through distributors. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. Although the majority of our revenue was generated from direct sales during the Track Record Period, we expect that sales to distributors will remain an important component of our sales channels.

Our distributors may not be able to market and sell our products successfully or maintain their competitiveness. If the sales volumes of our products to downstream customers are not maintained at a satisfactory level, our distributors may not place orders for new products with us, or they may reduce orders or request discounts on the purchase price. The loss of our distributors, or reduced orders from them, may adversely affect our access to downstream customers and our sales volume and revenue.

Any non-compliance with the distribution agreements by any of our distributors may disrupt our sales and affect our results of operations. We may also be liable for damages or fines due to defects or spoilage on the products marketed and sold by our distributors, which may have an adverse effect on our financial condition. If we fail to successfully maintain our relationships with our distributors or if our distributors fail to operate successfully, our ability to effectively sell our products could be negatively impacted. This could also negatively affect our corporate and product images, which could result in loss of customers and a decline in sales. In addition, distributors selling the same products may result in market overlaps, cannibalisation or even competition among these distributors. We cannot assure you that the expansion of our sales network will continue to be successful or will generate income as expected.

If the third party e-commerce platforms we make use of to sell our products are interrupted or if our cooperation with such platforms deteriorates, becomes more costly to maintain or is terminated, our business and results of operations may be adversely affected.

We utilise third party e-commerce platforms such as Tmall, Amazon, JD.com and Pinduoduo to increase our brand exposure and extend our reach to customers. For FY2022, FY2023 and FY2024, our revenue and gross profit from sales through e-commerce platforms amounted to RMB9.6 million, RMB11.6 million and RMB11.2 million, and RMB2.9 million, RMB4.4 million and RMB4.0 million, respectively, accounting for 2.4%, 3.3% and 3.2% of our total revenue, and 3.2%, 5.1% and 4.0% of our total gross profit during the respective years. We advertise our products domestically and internationally and accept purchase orders from customers through these third party e-commerce platforms. If (i) our relationship with such e-commerce platforms deteriorates, becomes more costly to maintain or is terminated, (ii) the operations or services of such e-commerce platforms are interrupted, (iii) such e-commerce platforms fail to provide satisfactory services and experience to the customers or to retain existing users or to attract new users, (iv) we fail to incentivise such e-commerce platforms to promote the sale of our products; or (v) such e-commerce platforms otherwise curtail or inhibit our ability to sell our products on their platforms, our ability to effectively sell our products through e-commerce platforms as well as our business, financial conditions and results of operations may be adversely affected. If any of the above occurs, we cannot assure you that we will be able to find alternative e-commerce platforms on similar or favourable terms, with comparable number of users and similar degree of website traffic in a timely manner, or at all.

We could be adversely affected as a result of sales in countries that are subject to evolving economic sanctions by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities.

As part of our international operations, we make direct sales to customers located in various countries and jurisdictions around the world. As part of our business strategy, we hope to continue to grow our international sales revenues, and expand the countries in which we make sales. This may require us to modify our risk and internal controls policies to assure that we continue to comply with the various laws and regulations applicable to doing business in such areas, including international sanctions laws, export controls and similar laws. Compliance with international sanctions laws and regulations could also limit our ability to expand our international sales as much as we would intend, and increase the compliance costs we incur to make sure that we do not violate any applicable regulations.

In recent years, international market conditions and the international regulatory environment have been increasingly affected by competition among countries and geopolitical friction. Changes to national trade or investment policies, treaties and tariffs, fluctuations in exchange rates or the perception that these changes could occur, could adversely affect our expansion into overseas markets. For example, commencing in February 2025, the U.S. government has announced increased tariffs on imports from various countries including, most significantly, China. U.S. tariffs on imports from China have escalated substantially, resulting in China imposing high retaliatory tariffs on imports from the United States. It remains unclear whether additional new tariffs will be imposed by the U.S. government on imported goods and, if so, at what level and for how long. Other effects of such actions, including retaliatory tariffs and responsive actions from other nations, as well as potential renegotiation of international trade agreements, remain unpredictable. The United States and other jurisdictions or organisations, including the European Union, the United Nations and Australia, have comprehensive or broad economic sanctions targeting sanctioned countries, or against industry sectors, groups of companies or persons, and/or organisations within such countries. These sanctions programmes are reviewed or amended by sanctions authorities from time to time, and new requirements or restrictions could come into effect which might increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions, or being sanctionable. If we were required to pay penalties as a result of any sanctions violations, or alter our business to prevent violation of sanctions rules or regulations, it could adversely impact our results of operations.

In addition, economic sanctions laws imposed by the United States, European Union, and other jurisdictions may expose us to potential compliance risks. Sanctions laws prohibit business in or with certain countries or governments, and with certain persons or entities that have been sanctioned by the United States, the European Union or other governments and international or regional organisations, such as the United Nations Security Council. During the Track Record Period, we sold printing equipment to a customer located in Iran, a country subject to comprehensive International Sanctions. For FY2022, FY2023 and FY2024, our sales to such Iran customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. For details, please refer to the section headed "Business – Business Activities with Region subject to International Sanctions" in this prospectus. Our intended international business growth could expose us to international sanction risks. It is possible that governmental authorities may in the future impose sanctions on us, particularly in the event that we fail to detect and, as appropriate, remediate such violations, and there can be no assurance that we can always be in compliance with all such sanctions laws in the future. We also cannot predict with certainty the interpretation or implementation of any sanctions laws or policies or their future changes. Any alleged violations of sanctions laws or engagement in sanctionable activities could adversely affect our reputation, business, results of operations and financial condition.

We are subject to risks relating to low utilisation rate of our production facilities.

During the Track Record Period, our products were manufactured in the Old Xiamen Base before the relocation of our production to the New Xiamen Base in March 2022. For FY2022, FY2023 and FY2024, our utilisation rates of production facilities were approximately 49.6%, 43.7% and 41.2%, respectively. Our actual production volume may vary depending on the demand for our products, which in turn may be affected by the market trend, customers' preferences or other factors beyond our control. If we are unable to increase the demand for our products and in turn increase the utilisation rates for our production facilities in the future, our business and profitability may be adversely affected.

The outbreak of any severe communicable disease, such as COVID-19, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus, if uncontrolled, could adversely affect our Group's results of operations.

The outbreak of any severe communicable disease such as COVID-19, Severe Acute Respiratory Syndrome ("**SARS**"), Middle East Respiratory Syndrome ("**MERS**"), H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus, if uncontrolled, could have an adverse effect on our Group's operations and the overall business sentiments and environment in our places of operation.

The unforeseen outbreak of health epidemics may have material and adverse effect on the overall living and economic conditions in the infected areas, as well as the business operations, supply chains, workforce availability across the world. Such epidemics and the responses and measures taken by the governments and society as a whole may present challenges to our business operations. These challenges include, but are not limited to, temporary suspension of work and quarantine order to restrict entry and exit of the countries which may adversely affect our ability to manufacture and deliver products to our customers.

We are uncertain as to whether there may be any unforeseen outbreak of health epidemics in the future, including the potential rebounding of the COVID-19. If such epidemics occur without being effectively controlled in the future, our business operation and financial performance may be materially and adversely affected as a result of factors such as the changes in the outlook of the consumption markets, slow down in economic growth and negative business sentiment, and any measures which may restrict the operations of our Company, our production bases, our major customers and suppliers. In addition, if in the future any of our employees are suspected of having been infected by such diseases, we may be required to quarantine such employees. We may also be required to disinfect the affected properties and thereby suffer a temporary suspension of our operations. Any suspension of our operations may materially and adversely affect our business operations and financial performance.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, customers, suppliers or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, customers, suppliers or any other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. We may be unable to prevent, detect or deter all such instances of misconduct committed by our employees, customers, suppliers or other third parties. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

Negative publicity or damage to our business reputation may have a potential adverse impact on our business.

We value and rely on our reputation to maintain and expand our businesses. Any negative publicity associated with us could result in loss of business. We conduct business with a number of counterparties, including customers, suppliers and distributors. If any of such counterparties are dissatisfied with us, and raises any complaint about us to the public, whether justified or not, our business, brand and reputation may be adversely affected, which will in turn adversely affect our results of operations and growth prospects.

We may experience failures in our information technology systems.

We rely, to a large extent, on our information technology systems for daily operations. In particular, we rely on our ERP system in different aspects of our operations, including contract management, safety and quality control, documentation management, production management, human resources and accounting and finance management. The ERP system also supports our key operation processes, including project management and procurement. Our operating efficiency and risk management practices have been enhanced by such information technology systems. However, we cannot assure you that any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires, natural disasters and other similar events relating to our information technology systems will not happen in the future. Additionally, restoring any damaged information technology systems may incur significant costs and require additional workforce. If any serious damage or significant interruption occurs, we may experience errors in the systems and our operations may be disrupted.

Changes in economic, political and social conditions could have a material adverse effect on our business and operations.

We are headquartered in China and our operations are primarily conducted in China. Accordingly, our business, financial condition and results of operations may be influenced by the economic, political and social conditions in China, and the Chinese economy, in turn, is affected by the global economy. Uncertainties in the global economy and the political environment around the world may also affect the Chinese economy. We cannot predict all of the risks to which we may be exposed as a result of the current economic and political environment and regulatory developments. These factors may be beyond our control and could have a material adverse effect on our business and operations and our financial results.

You may experience difficulties in effecting service of legal process and enforcing judgements against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Takeovers Code upon the Listing, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

We are subject to the currency exchange control system.

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

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

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

We are subject to periodic examinations on fulfilment of our tax obligation under the PRC tax laws and regulations by the relevant tax authorities. We cannot assure you that future examinations by such tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realised upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) (the "**IIT Law**") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on 13 May 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realised upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on 30 March 1998, from 1 January 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax. On 3 February 2013, the State Council approved and promulgated the Circular of the State Council Approving and Transferring Several Opinions of the Development and Reform Commission and Other Departments on Deepening the Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On 8 February 2013, the General Office of the State Council promulgated the Circular of the General Office of the State Council on the Division of Key Work on Deepening the Reform of the Income Distribution System (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to the two documents, the PRC government is planning to discontinue tax exemptions for dividends received by foreign individuals from foreign-invested enterprises, and the MOF and the SAT should be responsible for working out and implementing the details of the plan. However, the MOF and the SAT have not yet issued the relevant implementation rules or regulations. In view of these uncertainties, non-resident individual holders of our H Shares are reminded that they may be liable to pay PRC income tax on dividends and bonuses realised on H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realised by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC 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税有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on 6 November 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

RISKS RELATING TO OUR H SHARES AND THE GLOBAL OFFERING

There has been no prior public market for our H Shares. Liquidity and market price of our H Shares may be volatile. If the price of our H Shares declines or fluctuates, this could result in substantial losses for investors purchasing our H Shares in the Global Offering.

Prior to the Global Offering, there has been no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of Global Offering. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop or, if it does develop, that it will be sustained.

In addition, the initial Offer Price for our H Shares to the public will be agreed by us and the Underwriters, and the Offer Price may differ significantly from the market price of the H Shares following this Global Offering. The trading price and trading volume of the H Shares may be subject to significant volatility as a result of various factors, including:

- variations in our operating results or differences between our operating results and those anticipated by investors and analysts;
- changes in securities analysts' estimates of our financial performance;
- announcements made by us or our competitors;
- regulatory developments or market changes across the globe affecting us or the industries in which we participate;
- any business interruptions resulting from natural disasters or accidents;

- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- announcements of or completions of acquisitions, strategic alliances or joint ventures by us or our competitors;
- additions to, or departure of, our key personnel;
- release or expiration of lock-up or other transfer restrictions on our Shares;
- liability claims brought against us;
- involvement in litigation; and
- general political, economic, financial, social development and stock market conditions and other factors.

Moreover, in recent years, stock markets in general, and the H shares issued by other issuers in the PRC and listed on the Stock Exchange, have both experienced price and volume fluctuations, some of which were unrelated or did not fully correspond with the operating performance of the relevant companies. These broad market and industry fluctuations may materially and adversely affect the market price of our H Shares in a similar manner.

Any further issue of Domestic Shares and subsequent conversion into H Shares in the future could dilute your shareholding under H Shares, increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

On 29 December 2017, the CSRC issued a press release in connection with the launch of the H share full circulation pilot project (H股全流通試點項目) (the "**Pilot Project**"). A participating company, which was a H share company listed on the Stock Exchange, in the Pilot Project would be allowed to convert certain of its domestic shares into H shares, which are eligible to be listed and traded on the Stock Exchange. On 15 November 2019, the CSRC announced to fully promote its "full circulation" reform of the H shares by covering both qualified H share companies already listed on the Stock Exchange and companies planning initial public offerings of the H shares on the Stock Exchange.

We have obtained the approval from the CSRC for the conversion of 76,333,000 Domestic Shares into H Shares, and the H Shares may be listed on the Stock Exchange upon completion of the conversion. Such conversion will increase the number of H Shares to 94,733,000 H Shares (assuming the Over-allotment Option is not exercised) and in the case that there is any further issue of Domestic Shares and subsequent conversion into H Shares in the future, your shareholding under the class of holders of our H Shares will be diluted. Further, according to the PRC Company Law, the Shares issued by our Company prior to the Global Offering are restricted from trading within one year from the Listing Date. Such restriction from trading will limit the number of H Shares tradable on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. Any future sales (after the expiration of the restrictions set out above) of Converted H Shares by relevant Shareholders in the public market may affect the market price of our H Shares.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Investors will pay a price per H Share that substantially exceeds the per H Share value of the tangible assets after subtracting the total liabilities and will therefore experience immediate dilution when they purchase the Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, investors purchasing Shares in the Global Offering would receive less than they paid for their Shares. Please refer to "Unaudited Pro Forma Financial Information" set out in Appendix II to this prospectus for further details.

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

Immediately following the completion of the Global Offering without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Controlling Shareholders will be entitled to exercise voting rights of 74.98% of the total issued share capital of our Company. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

Our historical dividends and dividend policy may not be indicative of our future dividend policy.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board may deem relevant, and subject to the approval at Shareholders' meeting. For details, please refer to the section headed "Financial Information – Dividend" in this prospectus.

We have not independently verified certain facts, forecasts and other statistics obtained from various government publications contained in this prospectus.

Some facts, statistics, and data in this prospectus are derived from official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. 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. While our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Controlling Shareholders, any of their or our Company's respective directors, officers or representatives, or any other person involved in the Global Offering. Hence, none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. In light of the possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them.

Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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

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

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 Listing Rules for the purpose of giving information with regard to us. Our Directors (including any proposed director who is named as such in this Prospectus), 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;

- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

CSRC FILING

We submitted the required filing documents with the CSRC on 24 April 2024. On 5 February 2025, the CSRC issued the notification on completion of the filing procedures for the Listing and the Global Offering.

As advised by our PRC Legal Advisers, no other approvals from the CSRC are required to be obtained for the Listing or the Global Offering.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of 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 it is correct as at any subsequent time.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering. The Listing is sponsored by the Sole Sponsor. 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 agreement on the Offer Price between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters). The International Offering is expected to be underwritten by the International Underwriters. The Global Offering is coordinated by the Overall Coordinator.

For further information about the Underwriters and the underwriting arrangements, please refer to "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Overall Coordinator (for itself and on behalf of the Underwriters) and us on Friday, 6 June 2025.

If, for any reason, the Overall Coordinator (for itself and on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on or before 12:00 noon on Friday, 6 June 2025 the Global Offering will not become unconditional and will lapse.

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 acquisition of Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction 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 authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF OUR H SHARES ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, H Shares to be issued pursuant to the Global Offering (including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers, agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares thereof; and

(d) authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

INFORMATION ON 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 authorised 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 authorised by our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of their respective directors, agents, employees, affiliates or advisors or any other party involved in the Global Offering. Please refer to "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares.

H SHARE REGISTER AND STAMP DUTY

All of our H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar. Our principal register of members will be maintained by us at our head office in China. Dealings in our H Shares registered in our H Share register of members will be subject to the Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in our H Shares. None of our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding, disposing of, or dealing in our H Shares or the exercise of any rights attaching to our H Shares.

PROCEDURE FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedure for application for the Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure and Conditions of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in "Structure and Conditions of the Global Offering" in this prospectus.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus should prevail. If there is any inconsistency between the Chinese names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

For exchange rate conversions throughout this prospectus, unless otherwise specified, or in respect of transactions that have occurred at historical exchange rates, all conversions from HK$ to US$ and RMB were made at the rate of US$1.00 to HK$7.8 and HK$1.0 to RMB0.9061.

We make no representations and none should be construed as being made, that any of the HK$, US$ or RMB contained in this prospectus could have been converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

For exchange rates translations throughout this prospectus (if any), we make no representations and none should be construed as being made, that any of the Hong Kong dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Given that (i) our Group's principal business and operations are located, managed and conducted in the PRC through our PRC operating subsidiaries; (ii) none of our executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong; and (iii) our executive Directors will continue to be based in the PRC after the Listing to manage our business, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rules 8.12 and 19A.15 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily residents in Hong Kong or to relocate its existing PRC based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular and effective communication with the Stock Exchange:

(i) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives of our Company are Mr. Xu Kaiming, our executive Director, chairman of the Board and our general manager, and Ms. Kwok Yin Ting, one of our joint company secretaries (the "**Authorised Representatives**"). Each of the Authorised Representatives will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of the Authorised Representatives is authorised to communicate on behalf of our Company with the Stock Exchange;

(ii) each of the Authorised Representatives has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the Authorised Representatives and our Directors, we have provided the Stock Exchange with the respective office phone number, mobile phone number, facsimile number and email address of each Director and Authorised Representative. In the event that a Director expects to travel or is out of the office, he/she will provide the phone number of the place of his/her accommodation or other means of communication to the Authorised Representatives;

(iii) our Directors, who are not ordinarily resident in Hong Kong, possess or can apply for valid travel documents to visit Hong Kong and are able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice;

(iv) in compliance with Rules 3A.19 of the Listing Rules, we have appointed Yue Xiu Capital Limited as our compliance adviser (the "**Compliance Adviser**"), which has access at all times to our Authorised Representatives, Directors and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details. Our Authorised Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, the authorised representatives, our Directors and other officers and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Adviser informed of all communications and dealings between our Company and the Stock Exchange; and

(v) meetings between the Stock Exchange and our Directors could be arranged through our Authorised Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of our Authorised Representatives and/or the Compliance Adviser.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the 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); and

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

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

(i) length of employment with the issuer and other issuers and the roles he/she played;

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

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

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Hu Zunfa as one of the joint company secretaries. Mr. Hu has extensive experience in board, frame and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, thus may not be able to fulfil the requirements of the Listing Rules. Therefore, we have appointed Ms. Kwok Yin Ting, a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Kwok will provide assistance to Mr. Hu for an initial period of three years from the Listing Date to enable Mr. Hu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

Both the Compliance Adviser and the Hong Kong legal advisers of our Company will assist Mr. Hu in relation to Hong Kong corporate governance practices and regulatory compliance, ongoing compliance obligations under the Listing Rules and the applicable laws and regulations as and when required. In addition, Mr. Hu will endeavour to attend relevant trainings and familiarise himself with the Listing Rules and duties required of a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that we engage Ms. Kwok, who possesses all the requisite qualifications under Rule 3.28 of the Listing Rules, to assist Mr. Hu in discharging his duties as a joint company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules. Such waiver can be revoked immediately if there are material breaches of the Listing Rules by our Company pursuant to Chapter 3.10 of the Guide for New Listing Applicants.

Before the expiration of the initial three-year period, the qualifications of Mr. Hu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. It is expected that Mr. Hu will be able to fulfil all the requirements stipulated at the end of the initial three-year period.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Xu Kaiming (許開明)	Room 1304 No. 115 Wutong West Road Huli District Xiamen, Fujian PRC	Chinese
Mr. Xu Kaihe (許開河)	Room 401 No. 78 Chang Qing Road Siming District Xiamen, Fujian PRC	Chinese
Ms. Lin Yanqin (林燕琴)	Room 801 No. 72 Changhao Yili Dianqian Street, Huli District Xiamen, Fujian PRC	Chinese
Independent non-executive Directors		
Dr. Lim Kim Huat (林駿華)	Room 1202 Capitol Centre 5–19 Jardine's Bazaar Causeway Bay Hong Kong	Malaysian
Dr. Yu Xiaoou (于小偶)	Room 602, Building 26 Haibin East District Xiamen University Siming District Xiamen, Fujian PRC	Chinese
Dr. Huang Liqin (黃立勤)	Room 404, Block 7 District C, Rongqiao Jinjiang Gulou District Fuzhou, Fujian PRC	Chinese

SUPERVISORS

Name	Residential address	Nationality
Ms. Chai Ling (柴菱)	Room 1402 Building 5 Zhongzhai Nanyuan Heshan Street Huli District Xiamen, Fujian PRC	Chinese
Mr. Jiang Jingtao (江靜濤)	Room 2A707 Haitou Shangshufang No. 176 Fulian Yili Xinyang Street Haicang District Xiamen, Fujian PRC	Chinese
Mr. Fu Jianfang (傅劍芳)	Room 1203 No.14 Meixiwuli Tong'an District Xiamen, Fujian PRC	Chinese

Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for further information on our Directors and Supervisors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Yue Xiu Capital Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong

Overall Coordinator

Yue Xiu Securities Company Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Sole Global Coordinator

Yue Xiu Securities Company Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Joint Bookrunners and Joint Lead Managers

Yue Xiu Securities Company Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

(in alphabetical order)

ABCI CAPITAL LIMITED
(acting as Joint Bookrunner only)
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI SECURITIES COMPANY LIMITED
(acting as Joint Lead Manager only)
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited
26/F Bank of China Tower
1 Garden Road Central
Hong Kong

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

CMB International Capital Limited
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong

CMBC Securities Company Limited
5/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Huafu International Securities Limited
Unit 2603–04, 26/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

Livermore Holdings Limited
Unit 1214A 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Patrons Securities Limited
Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

Zhongtai International Securities Limited
19 Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Advisers to our Company	*As to Hong Kong law* **Jingtian & Gongcheng LLP** Suites 3203–3207, 32/F. Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong
	As to the PRC law **Tenet & Partners** 16th–18th Floor CCRE Building-A 666 Xiahe Road Xiamen, PRC
	As to International Sanctions law **Stephen Peepels** 1st Floor, Meehan House 51 Tung Street Sheung Wan Hong Kong
	As to PRC litigation matters **Beijing Dacheng Law Offices, LLP (Fuzhou)** 37F–38F Sandi Centre 55–57 Zhenwu Road Taijiang District, Fuzhou city Fujian Province, PRC

Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **DeHeng Law Offices (Hong Kong) LLP** 28/F, Henley Building 5 Queen's Road Central Hong Kong Room 3507, 35/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong *As to the PRC law* **Zhong Lun Law Firm** 57/58/59/F, Tower A Ping An Finance Centre 5033 Yitian Road Futian District Shenzhen Guangdong Province PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Property valuer	**Peak Vision Appraisals Limited** Unit 702, 7th Floor Capital Centre No. 151 Gloucester Road Wanchai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 West Nanjing Road Shanghai, PRC

Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong
	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

Headquarters and Registered Office	Rongda Science and Technology Park No. 88 Tonghui South Road Tong'an District Xiamen, Fujian PRC
Principal Place of Business in Hong Kong	5/F Manulife Place 348 Kwun Tong Road Hong Kong
Company's Website	**https://www.rongtatech.cn/** *(Note: the information on this website does not form part of this prospectus)*
Joint Company Secretaries	Mr. Hu Zunfa Room 701 No. 114 Jinhaiwan Xinglin Wenda Erli Jimei District Xiamen, Fujian PRC Ms. Kwok Yin Ting 5/F, Manulife Place 348 Kwun Tong Road Hong Kong
Authorised Representatives	Mr. Xu Kaiming Room 1304 No. 115 Wutong West Road Huli District Xiamen, Fujian PRC Ms. Kwok Yin Ting 5/F, Manulife Place 348 Kwun Tong Road Hong Kong
Audit Committee	Dr. Yu Xiaoou *(Chairman)* Dr. Huang Liqin Dr. Lim Kim Huat

Remuneration Committee	Dr. Lim Kim Huat *(Chairman)* Mr. Xu Kaihe Dr. Yu Xiaoou
Nomination Committee	Dr. Huang Liqin *(Chairman)* Ms. Lin Yanqin Dr. Yu Xiaoou
Strategy Committee	Mr. Xu Kaiming *(Chairman)* Mr. Xu Kaihe Ms. Lin Yanqin Dr. Yu Xiaoou Dr. Huang Liqin
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Compliance Adviser	**Yue Xiu Capital Limited** Rooms Nos. 4917–4937 49/F, Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Principal Banks	**Agricultural Bank of China Xiamen Wanda Sub-branch** 1270–1271# No. 4666 Xianyue Road Huli District Xiamen, Fujian PRC **China Merchants Bank Tongan Sub-branch** No.763 Huancheng West Road Tongan District Xiamen, Fujian PRC

The information and statistics presented in this section and other sections of this prospectus, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the PRC and Global AIDC devices and solutions market. The report prepared by Frost & Sullivan for us is referred to in this prospectus as Industry Report. We agreed to pay Frost & Sullivan a fee of RMB395,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence, and corporate strategy.

We have included certain information from the Industry Report in this prospectus because we believe this information facilitates an understanding of the global and PRC AIDC devices and solutions market for the prospective investors. The Industry Report includes information of the global and PRC AIDC devices and solutions market, as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the global and PRC AIDC devices and solutions market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the global and PRC AIDC devices and solutions market.

OVERVIEW OF GLOBAL AND PRC AIDC DEVICES AND SOLUTIONS MARKET

Definition and Classification

AIDC (Automatic Identification and Data Capture) refers to a variety of technologies applied to automatically identify objects, collect relevant data, and enter that data directly into computer systems without human intervention. AIDC systems are used to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time and labour, and corresponding human error.

Core AIDC technologies including barcode scanning and printing, smart cards and magnetic stripe cards, optical character recognition, RFID scanning and biometric systems are directly engaged in the process of reading or collecting data from items, individuals, or environments, and then capturing that data for further processing including printing. Further, printing systems and printing technology, particularly specialty printers, are used to generate machine-readable barcodes, labels, and other markers that are integral to the identification and tracking processes within AIDC workflows.

AIDC devices include devices capable of (i) generating machine-readable identifiers (e.g. barcodes, labels, and other markers) to enable identification and automated digital tracking; and/or (ii) automatically identifying objects, collecting relevant data, and entering that data directly into computer systems without human intervention and are categorised into (i) specialty printer, (ii) scale, (iii) point-of-sale terminal ("**POS terminal**"), (iv) personal digital assistants ("**PDAs**"), and (v) others such as barcode scanner, vehicle mount terminals, access control systems, electronic article surveillance systems and smart cabinets etc.

- ***Specialty printer*** refers to printing equipment designed for specific applications, which includes receipt printer, barcode and label printer and portable study printer. Specialty printers typically generate machine-readable identifiers, such as barcodes, labels, and other markers, that are integral to the identification and tracking processes within AIDC workflows. Without specialty printers to produce printed identifiers, the automated digital tracking and data collection processes fundamental to AIDC systems would be unfeasible. Unlike general-purpose printers, specialty printers are tailored for specific industry such as manufacturing, healthcare, education, and supply chain environments where precision, durability, and efficiency are critical and essential for identification and tracking. Receipt printer is a tool to facilitate and handle customer transactions through producing customers receipts and credit card slips and other related documents during a sales transaction at the point of sale and operation. They are commonly used in retail, manufacturing, shipping, and logistics industries to label products, packages, and shipments for tracking and inventory management purposes. Barcode and label printers come in various sizes and capacities. Major types of specialty printers include thermal, dot matrix and inkjet. Portable study printer leverages OCR technology, which involves automatic identification of student work. Specialty printer creates the identifiers and ensures that the data captured is standardised and in a form that can be universally read and understood by the AIDC devices.

- ***Scale*** is used in businesses or commercial settings to accurately measure the weight of goods or products being sold or purchased. Scale is generally used to automatically identify and collect data about objects, and in turn enter data directly into computer systems without human intervention.

- ***POS terminal*** is the system used to process sales transactions at a business. POS terminal typically includes hardware, such as a cash register or computer, and software that allows the business to process sales, manage inventory, and generate reports. Modern POS terminals often include features like barcode scanning, credit card processing, and customer relationship management tools and are adopted in business circumstances including but not limited to retail, hospitality and healthcare. Major types of POS terminal include terminal, mobile and tablet, and online. POS terminal often incorporate several AIDC technologies such as barcode scanners, RFID readers, and sometimes even biometric systems for employee authentication.

- ***PDAs*** are handheld electronic devices that function as a data terminal for customers to collect data efficiently and achieve digital management of their businesses. Similar to POS terminals, most of our PDAs also have Wi-Fi, Bluetooth and GPS support, and come with built-in printing capabilities, cameras for code scanning, and NFC readers. Our PDAs are commonly applied to logistics and delivery, warehouse inventory tracking, production and manufacturing, retail e-commerce, and store management. PDAs used in AIDC applications typically include barcode scanning or RFID reading capabilities, which are multifunctional devices that can handle both data processing and communication.

- ***Others***, such as: (i) barcode readers: devices that automatically read barcodes on items as they pass through a scanning zone, mainly adopted in retail shops and logistics settings; (ii) vehicle mount terminals: rugged devices attached to vehicles such as forklifts, trucks and warehouse vehicles, enabling operators to capture and access data on the move; (iii) access control systems: systems that use RFID, biometrics, and smart cards technologies, to manage entry to manage areas security; (iv) electronic article surveillance systems, used primarily in retail settings to detect and deter theft by recognising tags that are not deactivated or removed; and (v) smart cabinets: used in healthcare and other industries for managing inventory of high-value items through RFID technology in real-time.

Market size of Global AIDC Devices by Production Value

- The global AIDC Devices market by production value is driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, with the market size increasing from US$42.7 billion in 2018 to US$62.9 billion in 2023, at a CAGR of 8.1%. Increasing adoption of cashless payment systems and advancements in AI and machine learning are expected to drive the market. The global market size of AIDC Devices by production value is expected to rise at a CAGR of 10.9% from 2024 to 2028, reaching US$106.7 billion in 2028.

- The global PDAs market by production value experienced the highest CAGR of 16.3% from 2018 to 2023, among the AIDC devices segments, driven by the increasing adoption of smart devices, advancements in AI, and a growing demand for voice-activated technologies. As consumers are seeking automation solutions to streamline tasks and enhance productivity, the rise of the Internet of Things (IoT) creates more opportunities for PDAs to interact with connected devices. The global PDAs market by production value is expected to grow at a CAGR of 14.9% from 2024 to 2029.

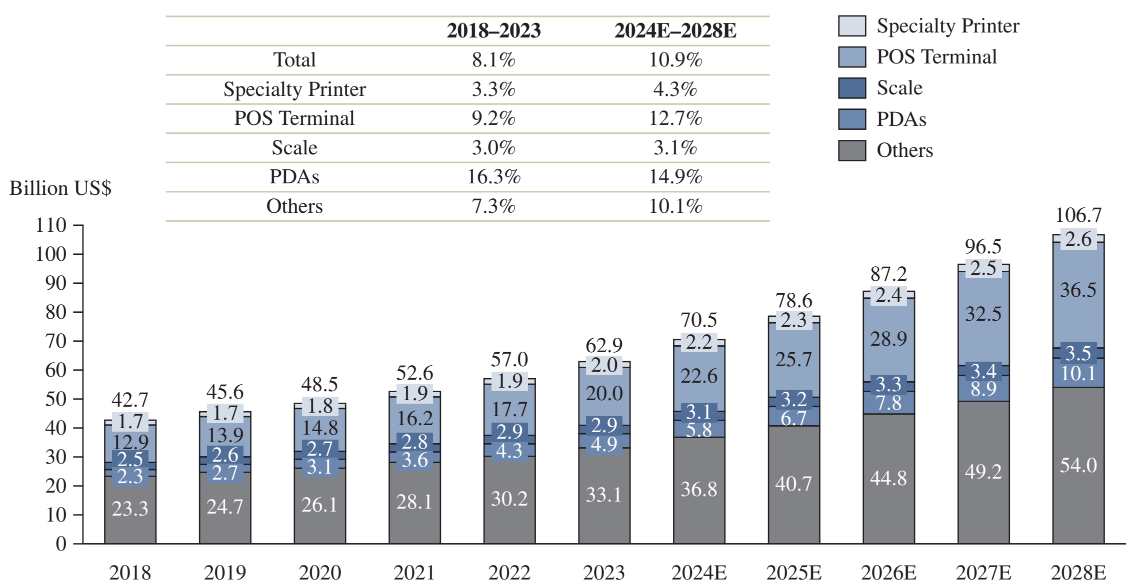
- The global market for POS terminals, measured by production value, recorded the growth at a CAGR of 9.2%, the second highest growth rate among the AIDC segments. The expansion of both physical retail and online shopping has escalated the demand for efficient and versatile POS systems. Technological advancements, including mobile POS, cloud-based solutions, and contactless payment technologies, are enhancing user experience and operational efficiency. The global market for POS terminals by production value is expected to rise at a CAGR of 12.7% from 2024 to 2028.

- As retailers seek to streamline their operations and improve the customer experience, the adoption of point-of-sale (POS) systems and mobile POS solutions is on the rise, which in turn increases the demand for specialty printer and scale, including receipt printers and commercial scale. The market size of specialty printer by production value increased from US$1.7 billion in 2018 to US$2.0 billion in 2023, at a CAGR of 3.3%. The market size of scale by production value recorded the growth from US$2.5 billion in 2018 to US$2.9 billion in 2023, at a CAGR of 3.0%.

- As specialty printers and scales are more often durable and have longer lifespans than PDAs and POS terminals, their replacement cycles are slower. Specialty printers and scales would only be upgraded if there is a significant improvement in functionality or a critical need for replacement, which lead to a slower growth rate of specialty printers and scale than PDAs and POS terminals. Advancements in printing technology, such as the development of thermal and inkjet printing and increasing use of online ordering and delivery would continue to serve as the driver to the market. The market size of specialty printer by production value is expected to reach US$2.6 billion in 2028, at a CAGR of 4.3% from 2024 to 2028. Innovations in automation, AI, and data analytics enhance operational efficiency and productivity of commercial scale. The market size of scale by production value is expected to rise at a CAGR of 3.1% from 2024 to 2029.

Market Size of AIDC Devices by Production Value (Global), 2018–2028E

	2018–2023	2024E–2028E
Total	8.1%	10.9%
Specialty Printer	3.3%	4.3%
POS Terminal	9.2%	12.7%
Scale	3.0%	3.1%
PDAs	16.3%	14.9%
Others	7.3%	10.1%



Note: Market size is derived basis (i) global export volume of retail devices, sourced from trade map (ii) the weighted average price, the penetration rate and the replacement cycle of various AIDC Devices in historical period, sourced from trade interviews and desk research on respective merchandises on e-commerce platform, and (iii) referenced, complied and cross-checking of information from other notable research agencies

Market size includes the sales of equipment, software development and associated services

Others include the remaining AIDC devices such as barcode scanner, vehicle mount terminals, access control systems and electronic article surveillance systems and others

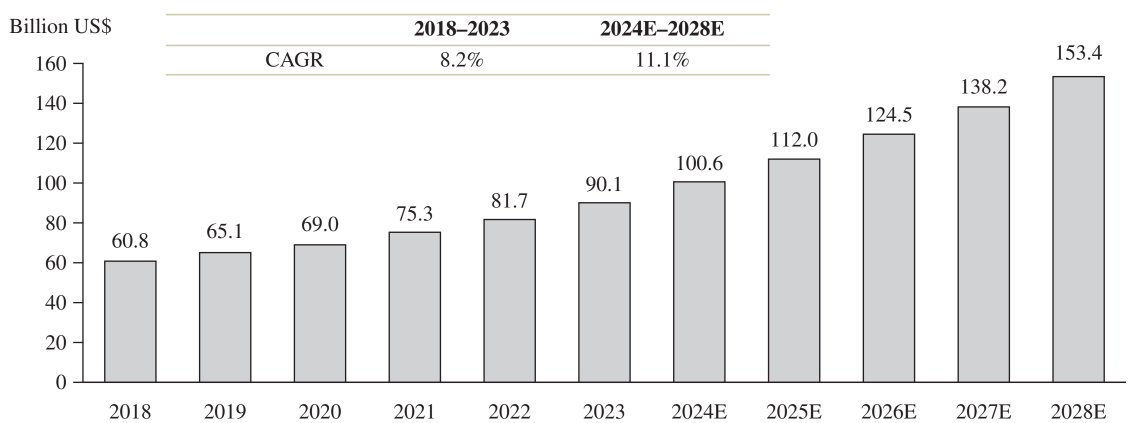
Only commercial scales are included in the market size.

Source: IMF, Trade Map, Frost & Sullivan

Market size of Global AIDC Devices by Sales Value

The market size of global AIDC devices and solutions by sales value increased from approximately US$60.8 billion in 2018 to approximately US$90.1 billion in 2023, at a CAGR of 8.2%. The market growth drivers include increase in demand for efficient automated retail solutions and the reduction of operation cost, as well as the increasing establishment of smart warehouses. With the recovery of global economic and sustained technology innovations, the market size of global AIDC devices and solutions by sales value is expected to reach approximately US$153.4 billion in 2028, at a CAGR of 11.1%.

Market Size of AIDC Devices and Solutions by Sales Value (Global), 2018–2028E



Notes:

1. Market size is derived basis (i) global export volume of retail devices, sourced from trade map (ii) the weighted average price, the penetration rate and the replacement cycle of various AIDC devices in historical period, sourced from trade interviews and desk research on respective merchandises on e-commerce platform, and (iii) referenced, complied and cross-checking of information from other notable research agencies, e.g. Statista.

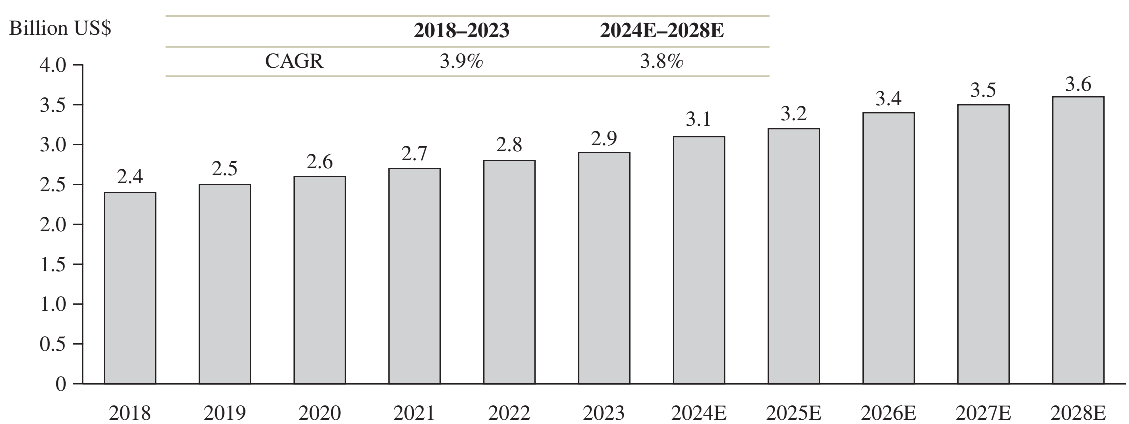
2. The market size include all application industries including but not limited to retail, educational, manufacturing, logistics and warehousing, healthcare, accommodation and catering etc.

Source: Trade Map, Frost & Sullivan

Market Size of Global Specialty Printers by Sales Value

The market size of global specialty printers by sales value increased from US$2.4 billion in 2018 to US$2.9 billion in 2023, representing a CAGR of 3.9%, primarily supported by growing demand from downstream industries, including retail, hospitality, healthcare, banking and entertainment. The increasing adoption of mobile payment systems and the need for efficient and reliable printing solutions in the retail, food and beverage, accommodation, travel and tourism and entertainment and recreation industries have contributed to the growth of the global specialty printer market. With the sustained growth of the retail industry, the market size of global specialty printers by sales value is expected to grow at a CAGR of 3.8% from 2024 to 2028.

Market Size of Specialty Printers by Sales Value (Global), 2018–2028E



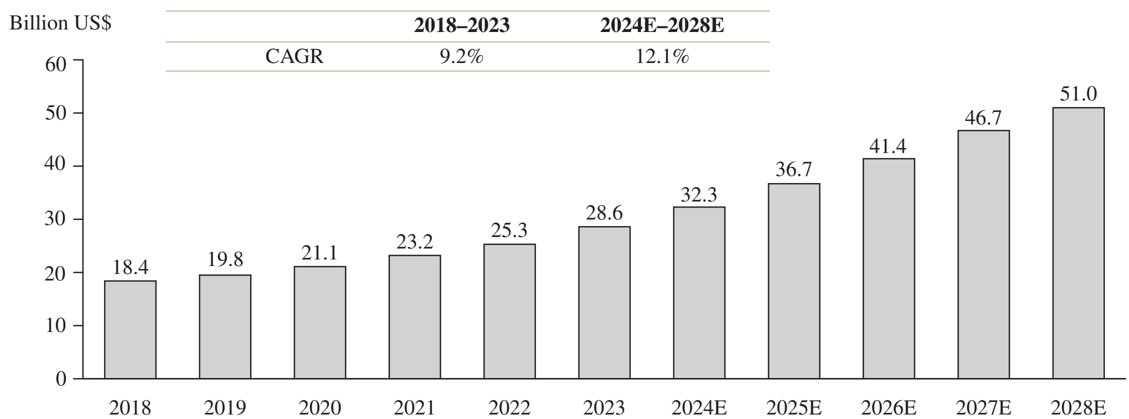
Source: Trade Map, Frost & Sullivan

Market Size of Global POS Terminals by Sales Value

The retail sector is a major user of POS terminals and the demand for these terminals are correlated to the growth of the retail industry. The shift from cash to digital payments, including credit/debit cards, mobile wallets, and contactless payments serve as a driver to the growth of POS terminals. The market size of POS terminals by sales value increased from US$18.4 billion in 2018 to US$28.6 billion in 2023, at a CAGR of 9.2%.

Advancements in payment technology, such as the development of contactless payment systems, are driving the demand for POS terminals that can accept a variety of payment methods, which increases the efficiency and speed of transactions, and improve the customer experience In addition, cloud-based POS solutions, the system that allows businesses to process sales transactions over the internet rather than relying on traditional, on-premises hardware, are becoming more popular, as they offer greater flexibility, scalability, and cost-efficiency than traditional on-premise systems. The market size of POS terminals by sales value is expected to be US$51.0 billion in 2028, at a CAGR of 12.1% from 2024 to 2028.

Market Size of POS Terminals by Sales Value (Global), 2018–2028E

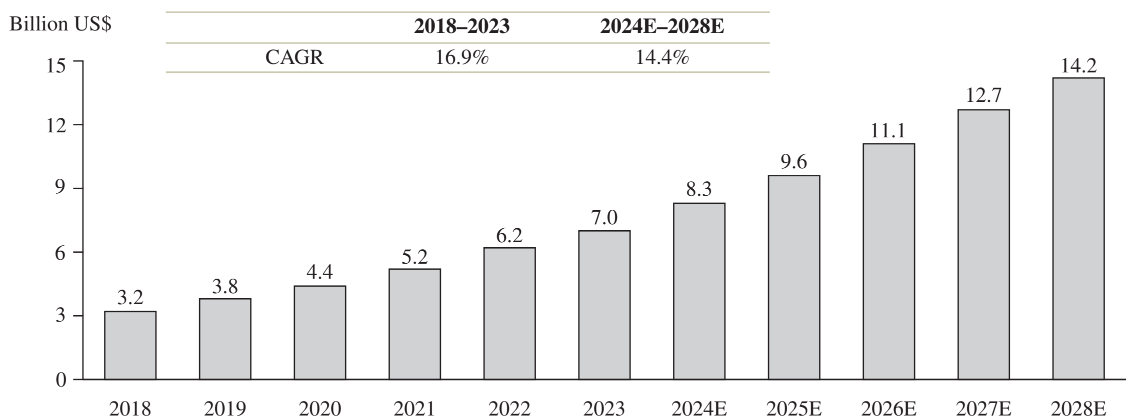


Source: Trade Map, Frost & Sullivan

Market Size of Global PDAs by Sales Value

The global market size of PDAs by sales value recorded the increase from US$3.2 billion in 2018 to US$7.0 billion in 2023, representing a CAGR of 16.9%. The growing adoption of smartphones, tablets, and wearable devices is driving demand for PDAs by creating a need for seamless integration and hands-free assistance. As users increasingly expect instant access to information and tools on the go, PDAs that offer real-time updates, voice activation, and personalised features become essential for enhancing productivity. This normalisation of digital assistance aligns with the mobile lifestyles of users, making PDAs indispensable for both personal and professional tasks. In particular, retailers strive to provide an enhanced customer experience, and PDAs play a crucial role in achieving this goal. PDAs equipped with features like barcode scanning, inventory management, and product information enable store associates to provide real-time assistance to customers, improving their shopping experience. PDAs also help reduce human error by providing automated reminders for tasks and deadlines, validating data entry to catch mistakes, and streamlining processes to ensure users follow structured workflows. The global market size of PDAs by sales value is expected to rise at a CAGR of 14.4% from 2024 to 2028.

Market Size of PDAs by Sales Value (Global), 2018–2028E



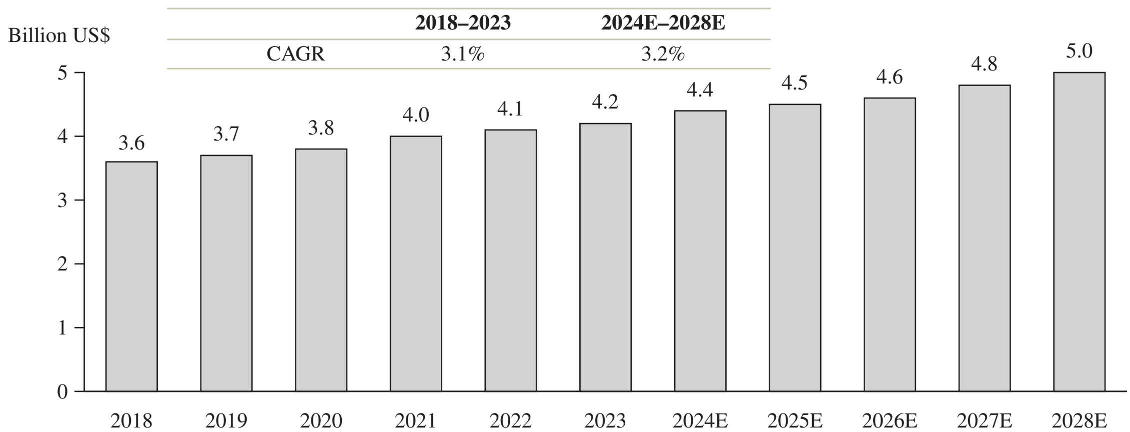
Source: Trade Map, Frost & Sullivan

Market Size of Global Scales by Sales Value

With precision and accuracy becoming increasingly important in a range of industries, including retail, food and beverage, and manufacturing, scales manufacturers continue to develop advanced solutions to deliver enhanced precision and accuracy, which drives the growth in the weighing scales industry. The market of scales by sales value increased from US$3.6 billion in 2018 to US$4.2 billion in 2023, at a CAGR of 3.1%.

Advancements in technology, such as the development of digital weighing scales that provide precise measurements with high-resolution displays and load cells, are enabling scales manufacturers to produce more advanced and efficient solutions. Load cells are critical components in weighing scales, converting mechanical force into an electrical signal for accurate measurement, and are used to measure batch ingredients in production processes and monitor weight on conveyors and track inventory. Benefited from the growth of the downstream industries, namely the retail industry, the market size of scales by sales value is expected to increase from US$4.4 billion in 2024 to US$5.0 billion in 2028, at a CAGR of 3.2%

Market Size of Scales by Sales Value (Global), 2018–2028E

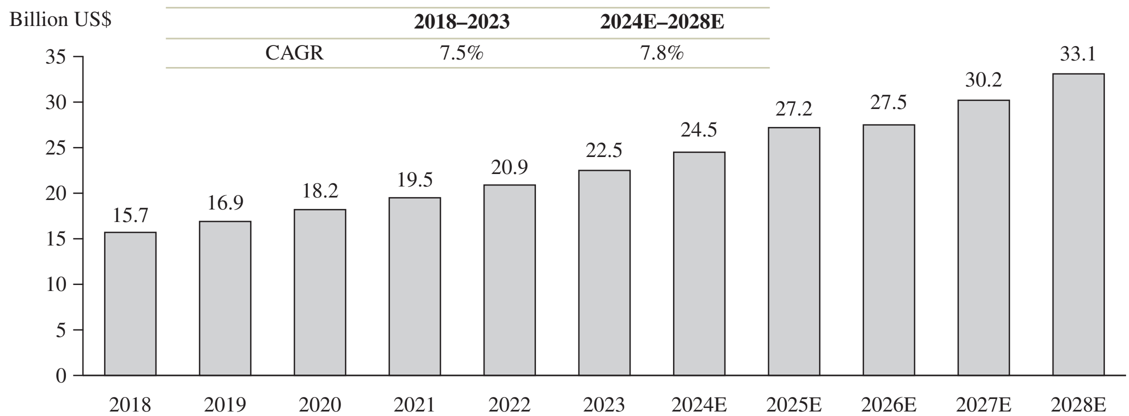


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in United States

- The market size of AIDC devices and solutions by sales value in United States increased from US$15.7 billion in 2018 to US$22.5 billion in 2023, at a CAGR of 7.5%. The AIDC devices and solutions market in the United States is rapidly expanding, driven by the increasing demand for automation and efficiency across various sectors, including retail, logistics, healthcare, and manufacturing. Technological advancements in RFID, barcode scanning, and data collection by mobile are also enhancing the effectiveness of AIDC devices and solutions, enabling real-time tracking and inventory management. The rise of e-commerce has further accelerated the adoption of AIDC technologies to streamline operations and improve customer service. The overall market outlook remains positive, with ongoing innovation and investment poised to drive significant growth in the coming years. The market size of AIDC devices and solutions by sales value in United States is expected to rise at a CAGR of 7.8% from 2024 to 2028.

Market Size of AIDC Devices and Solutions by Sales Value (United States), 2018–2028E

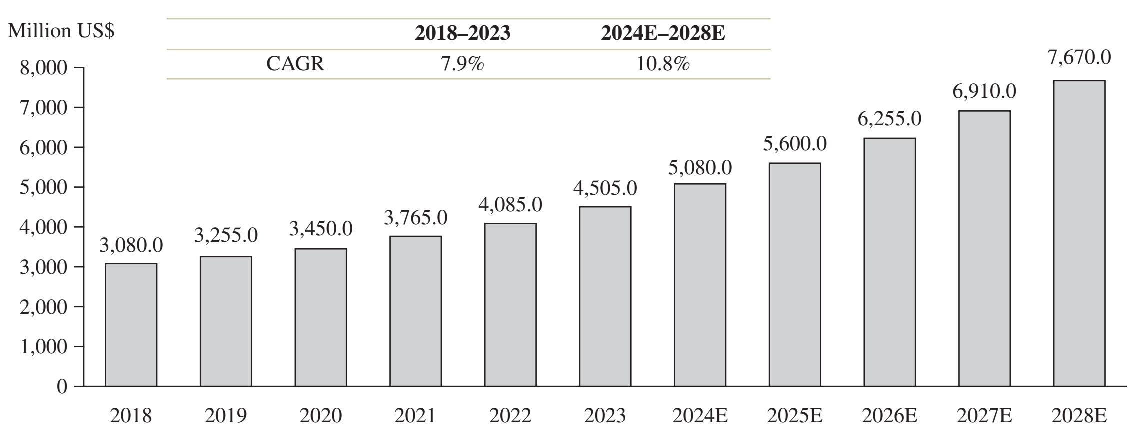


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in Germany

- The AIDC devices and solutions market in Germany witnessed steady growth from US$3,080.0 million in 2018 to US$4,505.0 million in 2023 at a CAGR of 7.9%, driven by the rising demand for optimised supply chains and regulatory compliance is propelling the adoption of AIDC technologies. The AIDC devices and solutions market in Germany is poised for further expansion as businesses continue to seek innovative solutions to improve productivity and accuracy. The market is expected to rise at a CAGR of 10.8% from 2024 to 2028, reaching US$7,670.0 million in 2028.

Market Size of AIDC Devices and Solutions by Sales Value (Germany), 2018–2028E

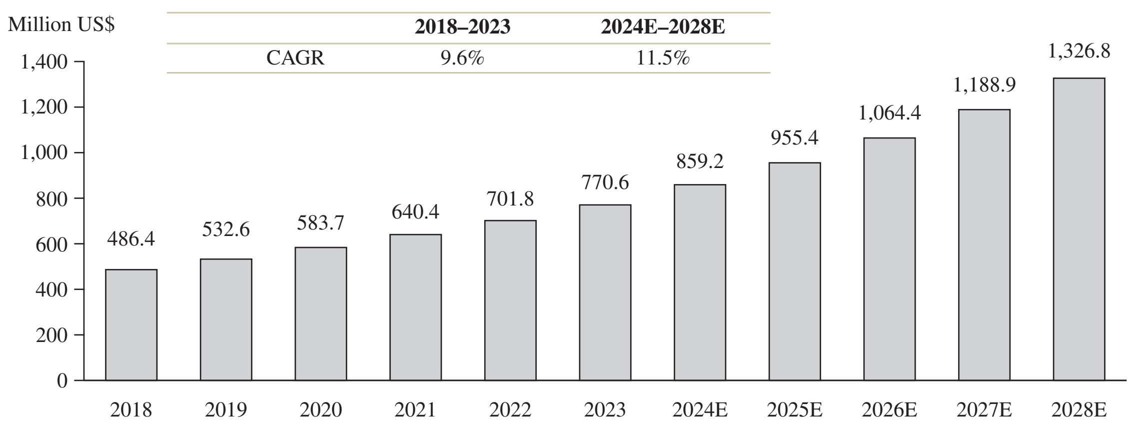


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in Singapore

- The AIDC devices and solutions market in Singapore experienced a rapid growth from US$486.4 million in 2018 to US$770.6 million in 2023, fueled by the country's strategic emphasis on technology adoption and innovation under initiatives, namely the Smart Nation programme. The rapid expansion of e-commerce further drives demand for efficient inventory management and order fulfilment solutions, while advancements in technologies like RFID and mobile scanning make AIDC systems more user-friendly. The AIDC devices and solutions market in Singapore is forecasted to rise at a CAGR of 11.5% from 2024 to 2028.

Market Size of AIDC Devices and Solutions by Sales Value (Singapore), 2018–2028E

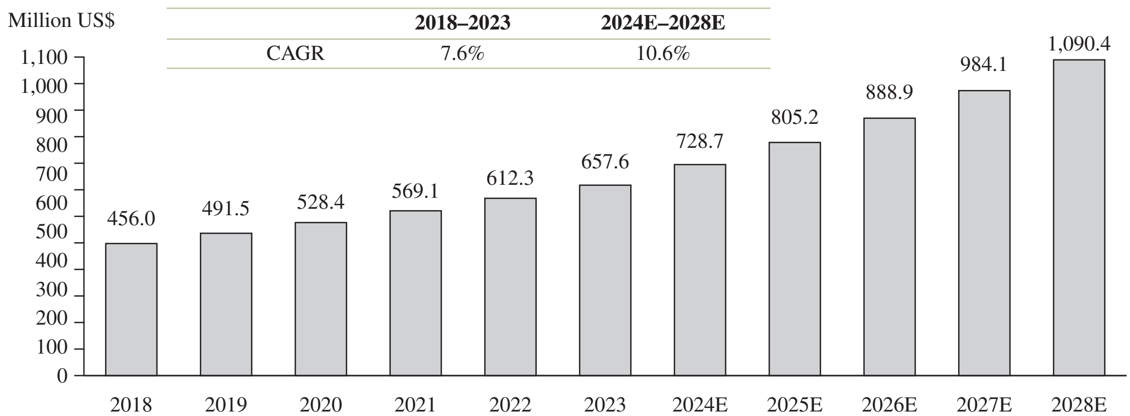


Source: Trade Map, Frost & Sullivan

Market Size of AIDC Devices and Solutions by Sales Value in United Arab Emirates

- The AIDC devices and solutions market in the United Arab Emirates increased from US$456.0 million in 2018 to US$657.6 million in 2023, driven by the government's commitment to digital transformation and smart technology initiatives, such as UAE Vision 2021 and Smart Dubai. Advancements in RFID, barcode scanning, and mobile data capture technologies are making AIDC systems increasingly accessible. Overall, the AIDC devices and solutions market in United Arab Emirates is set for continued growth and rise at a CAGR of 10.6% from 2024 to 2028 as businesses embrace automation and real-time data capabilities.

Market Size of AIDC Devices and Solutions by Sales Value (United Arab Emirates), 2018–2028E



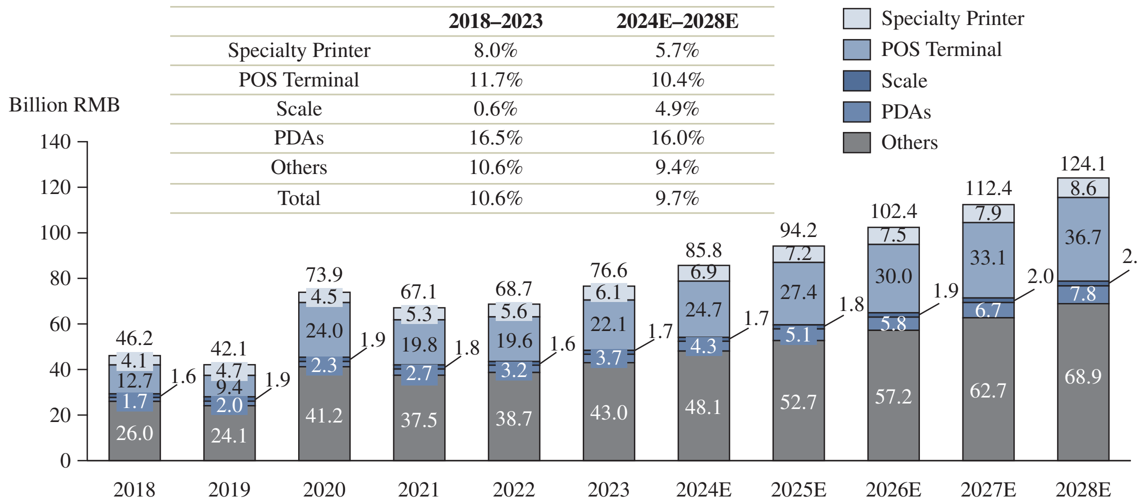
Source: Trade Map, Frost & Sullivan

Market size of AIDC Devices by Production Value in the PRC

- In line with the market size by retail value, the aggregated market size of AIDC Devices by production value in the PRC has risen from RMB46.2 billion in 2018 to RMB76.6 billion in 2023, representing a CAGR of approximately 10.6% during 2018 to 2023. The fluctuation in the market size of AIDC devices by production value in recent years can be attributed to the significant growth in the adoption and deployment of POS terminals that connect multiple components, devices, and platforms to create an integrated retail or payment ecosystem in the PRC. The surge, coupled with the growth in shipments of POS, which increased from RMB11.6 million in 2019 to RMB15.0 million in 2020, drove a notable boost in the AIDC device market in 2020. However, the market stabilised in 2021 and 2022 as the number of such POS terminals remained flat during these years, reflecting a temporary plateau in growth, which was due to the strong uptake of new POS terminals in 2020, satisfying near-term demand, and thereby leading to fewer businesses requiring new terminals following the significant expansion in prior years. Additionally, business owners were able to enhance their existing payment systems with new features or functionalities through software updates, rather than purchasing new POS terminals, further contributing to the stabilisation in shipments. Additionally, other AIDC devices benefited from the rapid growth of e-commerce and online shopping during the pandemic, with gross merchandise value of e-commerce increased at a year-on-year rate of 6.9% and 13.7% in 2020 and 2021, respectively. The COVID-19 pandemic significantly increased online shopping and drove demand for AIDC devices as barcode scanners and RFID tags are widely used for managing the surge in online orders, inventory tracking, and logistics. The demand for barcode readers and vehicle mount terminals increased due to the need for efficient inventory management and logistics optimisation in warehouses and distribution centres. Meanwhile, access control systems experienced growth as contactless solutions and real-time inventory tracking became essential in workplaces and healthcare settings.

- The discrepancy in production value and retail value over years are characterised by the degree of involvement of intermediaries including wholesalers and distributors, as well as the premium charged by wholesalers and distributors to clients. Going forward, it is expected that the aggregated market size of AIDC Devices by production value in the PRC will grow steadily at a CAGR of 9.7% during 2024 to 2028, attributable to the continuous downstream demand and developed supply chain in the PRC which contribute to a stable supply of AIDC devices. The slower forecasted CAGR is closely linked to the deceleration of related markets, such as e-commerce, which is expected to grow at a reduced CAGR of 11.6% during 2024 to 2028, as compared to 18.9% during 2018 to 2023, suggesting that the rapid growth experienced during the earlier period, driven by the pandemic-fueled surge in online shopping and logistics, is stabilising as the market matures. Additionally, fewer businesses are expected to upgrade their specialty printers in the coming years, as many of them already made significant upgrades between 2020 and 2022. During this period, the demand for specialty printers was driven by the adoption of advanced features, including enhanced printing speed, higher resolution capabilities, and improved connectivity options such as Wi-Fi and Bluetooth integration. Businesses also sought printers that supported multi-functional operations, such as printing, scanning, and labelling, to streamline their workflows. There was a notable pattern of upgrades among industries such as retail, logistics and warehousing, where high-capacity and durable specialty printers were adopted to accommodate the surge in e-commerce activities during and following the COVID-19 pandemic. Moreover, many businesses upgraded to specialty printers compatible with cloud-based software for real-time tracking and inventory management, ensuring seamless integration with their existing digital ecosystems. Such wave of upgrades was particularly prominent in urban areas and among large-scale enterprises, which were early adopters of these advanced technologies. As a result, the current market reflects a level of maturity, with fewer businesses requiring immediate upgrades in the near term. However, sectors like manufacturing and healthcare are expected to sustain demand, ensuring that the market remains on a stable upward trajectory despite the slower growth rate. In manufacturing sector, specialty printers are essential for labelling, traceability, and compliance, particularly in industries like automotive, electronics, and food production. The shift toward customised and small-batch production further drives demand for adaptable, on-demand printing solutions. In healthcare sector, specialty printers facilitate operation of medical institutions through accurate labelling of wristbands, prescriptions, and medical records while supporting regulatory compliance. The expansion of diagnostic labs and testing facilities has also fueled demand for precise labelling solutions. Sustainability initiatives, such as ecofriendly materials, also contribute to their growing relevance.

Market Size of AIDC Devices by Production Value (The PRC), 2018–2028E



	2018–2023	2024E–2028E
Specialty Printer	8.0%	5.7%
POS Terminal	11.7%	10.4%
Scale	0.6%	4.9%
PDAs	16.5%	16.0%
Others	10.6%	9.4%
Total	10.6%	9.7%

Note: Market size is derived basis (i) the market size of retail sales value of AIDC devices and solutions, in accordance with the methodology set out in previous slides; and (ii) trade interview with industry experts in regard to the sales channel of AIDC devices, considering there are some products sold through direct sales model, while some are through intermediaries, it is concluded that the proportion of retail sales value to ex-factory sales value has been rising gradually in recent years, attributable to steadily grow of wholesalers and distributors, and premium charged by wholesalers and distributors to clients.

Market size includes the sales of equipment, software development and associated services.

Others include the remaining AIDC devices such as barcode scanner, vehicle mount terminals, access control systems and electronic article surveillance systems and others.

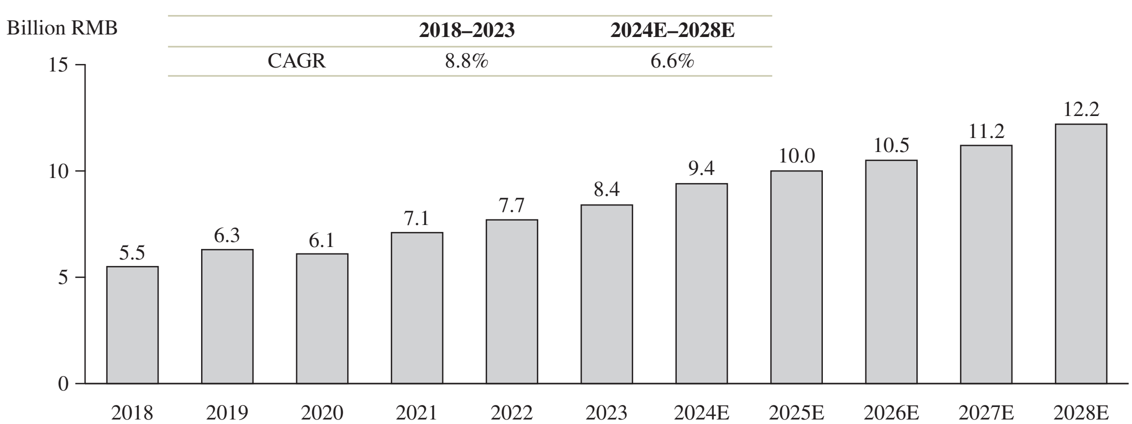
Only commercial scales are included in the market size.

Source: National Bureau of Statistics of China, People's Bank of China, Payment & Clearing Association of China, China Weighing Instrument Association, Frost & Sullivan

Market Size of Specialty Printer and Solutions in the PRC by Sales Value

The market growth of the specialty printer and solution market is highly associated with the growing disposable income and hence the retail sales in the PRC, the continuous adoption and penetration of specialty printers owing to thriving urbanisation and digitalisation, informalisation of retail stores, as well as the development of the logistics and warehousing industry and educational industry where receipt, barcode and label printing is required. The market size of specialty printer and solutions by sales value has grown from approximately RMB5.5 billion in 2018 to approximately RMB8.4 billion in 2023, representing a CAGR of approximately 8.8%. In 2020 particularly, the market size by sales value slightly declined due to the slight downturn of number of establishment in key industries, as well as the outbreak of the COVID-19 which led to reduced consumption in brick and mortar store and temporary stagnation in regard to logistics and warehousing services across the nation. Going forward, with the growing development of new retail, which converges digital and offline consumption experiences, the market size of specialty printer and solutions by sales value is expected to grow from approximately RMB9.4 billion in 2024 to approximately RMB12.2 billion in 2028, representing a CAGR of approximately 6.6% during 2024 to 2028.

Market Size of Specialty Printer and Solutions by Sales Value (The PRC), 2018–2028E

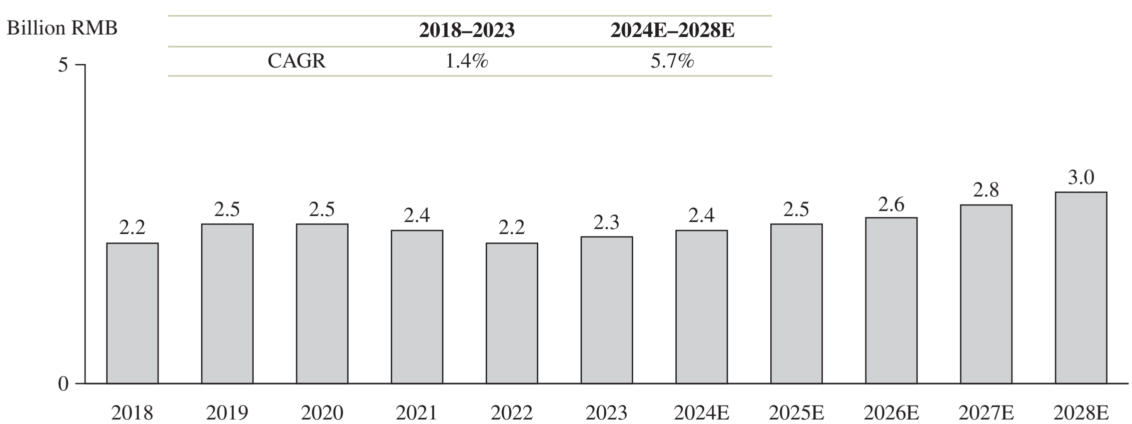


Source: National Bureau of Statistics of China, Frost & Sullivan

Market Size of Scales in the PRC by Sales Value

The market size of scales in the PRC has demonstrated steady growth, expanding from RMB2.2 billion in 2018 to RMB2.3 billion in 2023, representing a CAGR of approximately 1.4%. Despite temporary challenges from COVID-19 in 2020, the industry showed remarkable resilience. The industry's essential role in product packaging and retail pricing helped maintain demand, which is propelled by the continuous growth in the e-commerce sector and logistics industry in recent years. The sector's stability was further supported by the rapid digitalisation of commercial operations which integrates digital technologies such as Internet of Things (IoT), AI, big data and 5G to enhance efficiency in processing digital information in business operations, services and consumer experiences. This has led to the growing adoption of digital weighing solutions, such as AI scales that are capable of efficient capture of weight data and transmission of data to POS systems for faster and accurate printing of price labels. Looking ahead, by optimising supply chains and adapting to the new normal, the industry is expected to regain its momentum. Consequently, the market size by sales value is forecasted to rise to RMB3.0 billion by 2028, signalling a recovery with a CAGR of approximately 5.7% from the post-pandemic period onwards.

Market Size of Scales by Sales Value (The PRC), 2018–2028E



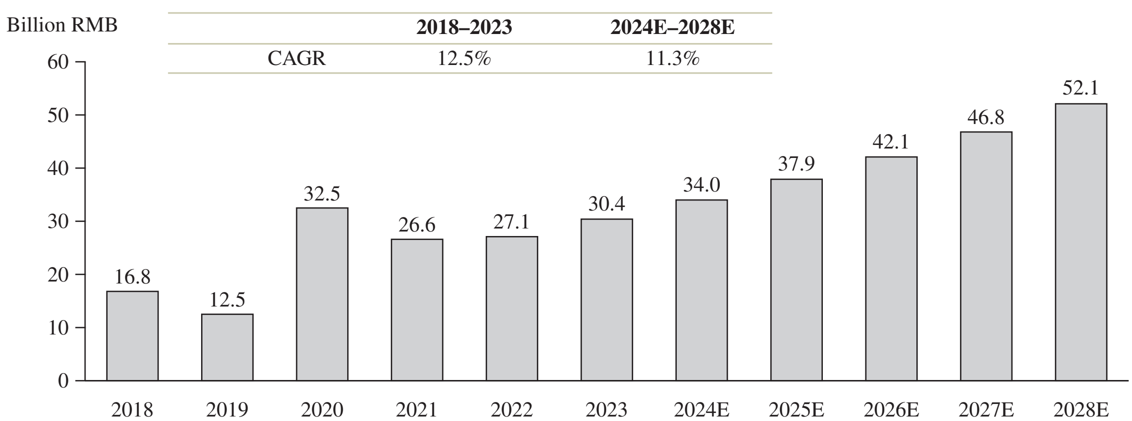
Source: National Bureau of Statistics of China, China Weighing Instrument Association, Frost & Sullivan

Only commercial scales are included in the market size.

Market Size of POS Terminals in the PRC by Sales Value

As the retail industry in China continues to expand and the government's push towards a cashless society, coupled with continuous technological development in expedite and convenient transaction through POS terminals, the market size of POS terminal in the PRC by sales value has increased from approximately RMB16.8 billion to approximately RMB30.4 billion during 2018 to 2023, representing a CAGR of approximately 12.5%. With growing urbanisation in the PRC, increasing from 59.6% in 2018 to 66.2% in 2023, and further expected to attain 72.3% in 2028, growing number of retailers are expected to adopt digitalised backend system including POS terminals, CRM and ERP system to manage inventory and transaction data. In turn, the market size of POS terminal in the PRC by sales value is expected to reach approximately RMB52.1 billion in 2028, representing a CAGR of approximately 11.3% during 2024 to 2028.

Market Size of POS Terminals by Sales Value (The PRC), 2018–2028E

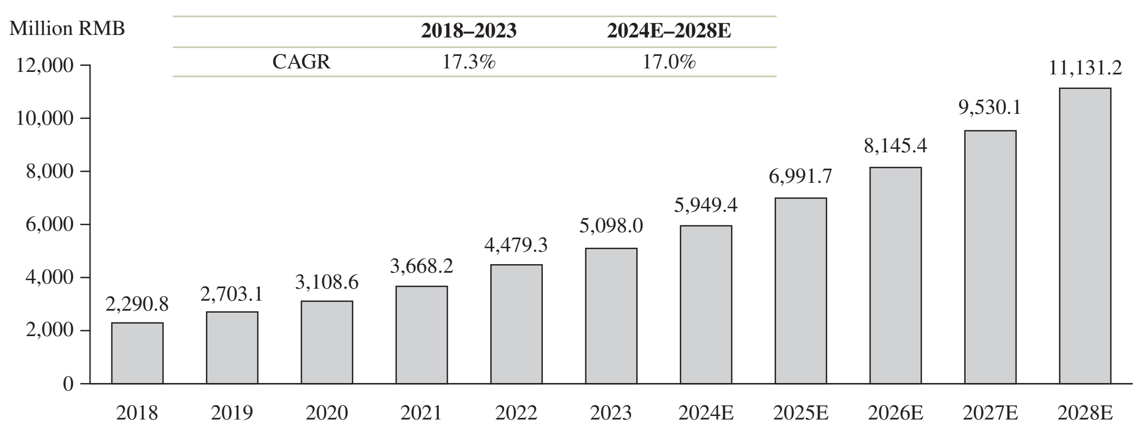


Source: National Bureau of Statistics of China, People's Bank of China, Payment & Clearing Association of China, Frost & Sullivan

Market Size of PDAs in the PRC by Sales Value

The market size of PDAs by sales value increased from RMB2,290.8 million in 2018 to RMB5,098.0 million in 2023, at a CAGR of approximately 17.3% from 2018 to 2023. There is a rapid increase in the adoption of PDAs in the retail industry as it offers various advantages, such as enhanced data collection, quick responses, and minimised dependency on customer support. In particular, PDAs provide data on inventory turnover, customer preferences, and sales trends. The market size of PDAs by sales value in the PRC is projected to grow from RMB5,949.4 million in 2024 to RMB11,131.2 million in 2028, exhibiting a CAGR of approximately 17.0% during the forecasted period of 2024 to 2028, primarily driven by the increased adoption of smartphones and the integration of advanced technologies in AIDC systems. The growth of the PDA market is highly associated with the growth of the logistics and warehousing industry as well as manufacturing and retail industry. The expected CAGR shows a slight decrease, which can be attributed to the maturation of digital adoption within these industries, with a significant portion of these sectors will have already integrated digital solutions into their operations, and the market for PDAs will be moving from a phase of high-growth adoption to one of sustained, incremental growth. While the potential for new entrants and the expansion of current users remains, the explosive growth spurred by initial digitalisation is expected to stabilise.

Market Size of PDAs by Sales Value (The PRC), 2018–2028E



Source: National Bureau of Statistics of China, Frost & Sullivan

Value Chain

The value chain of the AIDC devices and solutions market first involves the upstream raw material providers, including the manufacturers of plastic which are then forged into casting, metals which refers to the components and parts, electronic components such as integrated circuit boards, sensors, motors, display screen, as well as print head, ink or toner for some types of specialty printers and calibration weights for scale.

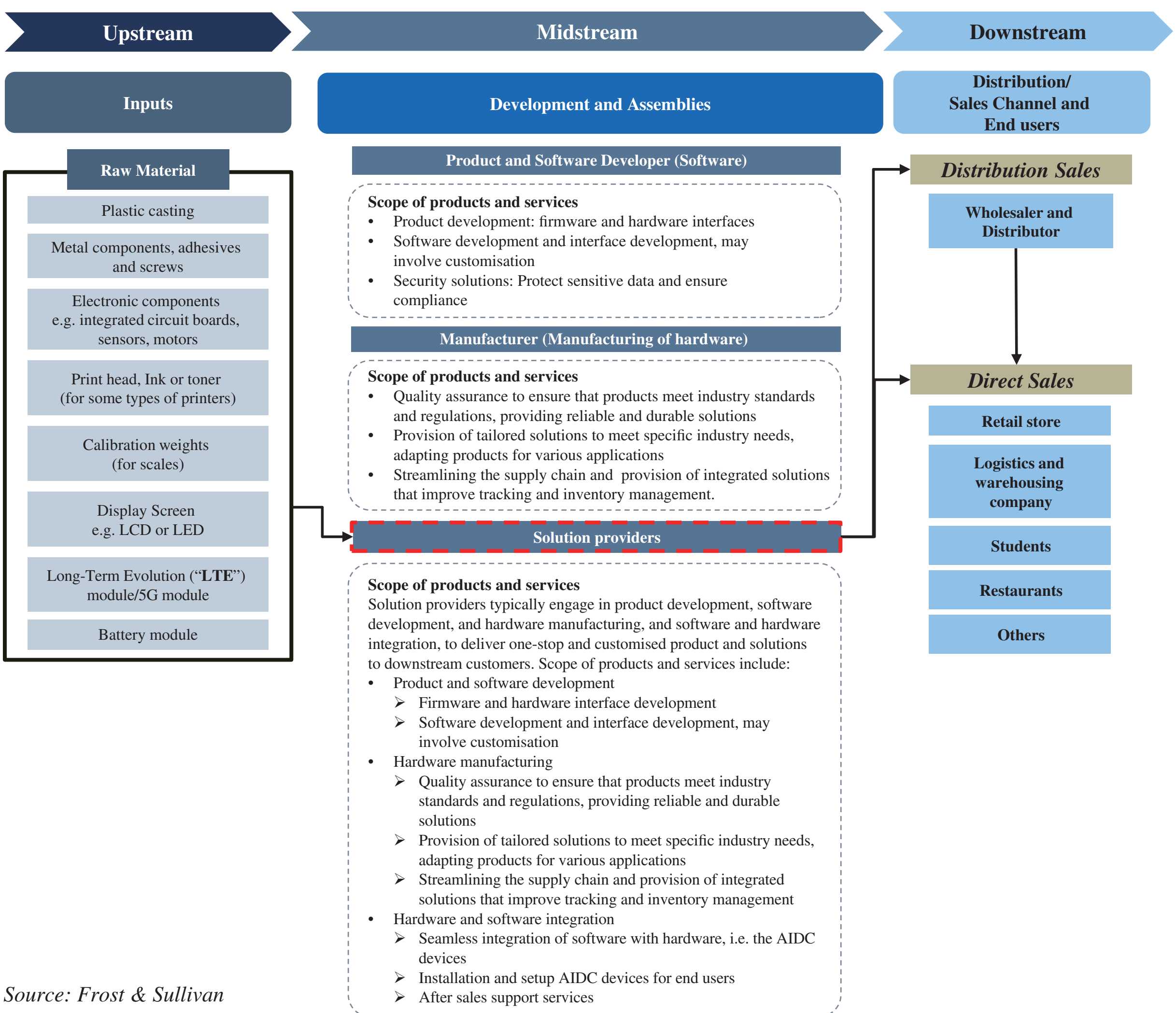
In the midstream of the value chain, collaboration between hardware manufacturers and software developers plays a critical role. Hardware manufacturers work closely with software developers to ensure seamless integration between physical components and advanced software solutions. The collaboration helps create devices that are not only functional but also capable of delivering enhanced performance through features such as real-time data processing, connectivity, and analysis. Product and software developers are deeply involved in product design and software development processes that enable these devices to meet the dynamic needs of the market. Their efforts are centred on enhancing product features and design to improve usability and performance, as well as developing advanced software solutions that elevate device functionality and enrich customer interaction. Through prototyping and rigorous iterative testing, R&D ensures that the products not only adhere to the highest standards of quality and reliability but also remain compliant with evolving regulatory standards. Moreover, they keep a keen eye on technological trends, allowing for timely adaptations that align with the future direction of the industry.

On the other hand, the raw materials from upstream are transported to midstream manufacturer and solution providers to be assembled and manufactured into a complete specialty printer, scale, POS terminal and PDA. This step includes design, development, prototyping, testing, mass production and final quality assurance. The Group is at the midstream of the value chain and is principally engaged in the product and software development, manufacturing and provision of solutions of AIDC devices including specialty printers, POS terminals, PDAs and scales. Once the products are manufactured, they are distributed to retailers, wholesalers, or directly to end-users. This step includes logistics and transportation of the products to the intended locations.

It is important to note that within the midstream segment of the value chain, there are companies including the Group that embody a dual role as both a product and software developer and a manufacturer and solution provider. Such organisations offer a one-stop solution by not only engaging in the development of innovative software and the design of sophisticated hardware but also overseeing the assembly and manufacturing of the finished products. The close integration between hardware manufacturers and software developers enables the delivery of devices that are highly optimised for specific use cases, such as retail point-of-sale systems, logistics tracking, and warehouse management. The ability to customise software for specific industries or operational needs ensures that AIDC devices are versatile and future-ready. Such integrated approach allows these companies to tightly control the quality, integration, and delivery of their AIDC devices and solutions.

Subsequently, the companies who engage in product and software development, manufacturing and provision of solutions offer various one-stop services to the downstream end-users including retail stores, logistics and warehousing companies and others, such as installation and setup, which includes configuring the software, connecting the hardware, and testing the system at the point-of-sale. The role of software extends to the downstream segment as well, where end-users benefit from features like real-time reporting, data analysis, and automated workflows, which enhance operational efficiency and decision-making capabilities. Engaging in the product and software development, manufacturing and provision of solutions, the Group is able to have seamless integration across the midstream value chain of AIDC devices and solutions, and provide one-stop and customised product and solutions to the downstream customers.

Value Chain of AIDC Devices and Solutions



Source: Frost & Sullivan

= Role of the Group

Key Growth Drivers

Increase in demand for efficient automated retail solutions – There has been a significant increase in demand for efficient automated retail solutions in recent years, driven by the growing popularity of online shopping and the need for retailers to streamline operations and reduce costs. AIDC Devices and solutions, such as vending machines, kiosks, and self-checkout systems are becoming increasingly common in a variety of retail stores. These solutions offer a number of benefits, including increased efficiency, reduced labour costs, and improved customer convenience. In addition to traditional automated retail solutions, new technologies such as artificial intelligence and machine learning are being incorporated with AIDC Devices and solutions to create more advanced solutions that can tailor the shopping experience to each individual customer. This includes personalised recommendations, targeted advertising, and consumption pattern prediction. Overall, the demand for efficient automated retail solutions is likely to continue to grow, which in turn drive AIDC Devices and solutions.

Reduction of operation cost – AIDC devices and solutions can significantly reduce operation costs for retailers. By automating the operation processes, retailers can save on labour costs and improve efficiency, resulting in increased profitability. For example, self-checkout systems equipped with smart POS terminals reduce the need for cashiers, which can save retailers a significant amount of money in labour costs. Additionally, retailers can use data from automated retail devices, such as specialty printer and POS terminals, to optimise inventory levels and reduce waste. Overall, the reduction of operation cost is one of the key benefits of AIDC devices and solutions for retailers. By implementing these solutions, retailers can improve profitability and remain competitive in a constantly evolving retail landscape.

Increasing establishment of smart manufacturing and warehouses – Smart warehouses are becoming increasingly popular in the retail industry. These warehouses use advanced technologies such as automation, robotics, and Internet of Things ("**IoT**") sensors to improve operational efficiency, reduce costs, and enhance inventory management. These technologies automate the tasks such as picking and packing, inventory management, and shipping, which can significantly reduce labour costs and improve efficiency. The use of sensors can track the location of products and monitor their condition, which can help retailers to identify potential issues such as expired or damaged products while the data collected help retailers to reduce transportation costs by optimising shipping routes and reducing the need for multiple trips. In 2022, the PRC Government promulgated the Development plan on smart manufacturing ("「十四五」智能製造發展規劃"), which outlined that by 2025, the majority of manufacturing enterprises shall achieve digitalisation, and the key industry players shall gradually integrate artificial intelligence into their production. It involves the concerted effort from the government, R&D companies and academia as well as industry players. Robotics, computer numerical controlled machineries are key technologies adopted by manufacturers of AIDC Devices as part of the strategic development of smart factories, with core benefits of improving production efficiency, ensuring product quality and achieving cost reduction. In addition, the adoption of predictive maintenance technology coupled with enterprise resources planning enabled manufacturers of AIDC Devices to closely monitor the inventory level and utilisation rate in an automatic manner.

Growing retail sales of consumer goods in the PRC – Increasing urbanisation and the growing economy have contributed to the rapid increase in demand for consumer products. Total retail revenue of consumption goods in the PRC rose from approximately RMB37,778.3 billion in 2018 to approximately RMB47,149.5 billion in 2023, representing a CAGR of 4.5%. The average per capita disposable income has surged from approximately RMB28,228 to approximately RMB39,218 during 2018 to 2023, representing a CAGR of approximately 6.8%. The National Development and Reform Commission of the PRC has promulgated The 14th Five-Year Plan Guideline on expanding domestic demand and fostering a sound domestic demand system (「十四五」擴大內需戰略實施方案) which maps out the implementation plan of boosting informatisation, urbanisation and circular consumption and propelling the development of domestic demand within the nation and hence for specialty printer and POS terminal. Particularly for POS terminal, the digitalisation of payment method such as the use of Wechat pay and Alipay in lieu of cash payment serve as a pivotal impetus to the deployment of POS terminal instead of physical cash register. Further, the PRC Government outlined in The 14th Five-Year Plan of National Informalisation Planning (「十四五」國家信息化規劃) regarding the importance of the acceleration of integration of digital technology and various industries, and making mobile payments widely available. The total transaction value of mobile payment in the PRC has risen from approximately RMB277.4 trillion in 2018 to approximately RMB555.3 trillion in 2023, representing a CAGR of approximately 14.9% during the period. Coupled with the evolvement of POS machines in terms of technology adopted behind, consumers and retailers are increasing adopting these machines in light of the affordability and accessibility in any application scenario. In turn, the total retail revenue of consumption goods in the PRC is expected to grow further in the future, which is expected to drive the demand for AIDC Devices in the PRC.

The Pivotal Role of AIDC Technologies in Digitalisation and Data Management in Various Industries – The accelerating drive towards digitalisation and effective data management in the medical sector and various other industries acts as a primary catalyst for the deployment of AIDC devices. Within medical and healthcare industry, the critical requirements for exact patient record-keeping, secure medication dispensing, and adherence to rigorous privacy regulations are driving the integration of specialised printers and PDAs. Similarly, in the hospitality industry, AIDC technologies such as mobile POS systems enable service providers to offer personalised, efficient service directly to guests, improving overall customer satisfaction. Furthermore, the growing field of industry such as event management is leveraging these devices for streamlined registration, attendee tracking, and access control, demonstrating the versatility and expanding utility of AIDC devices across various service-oriented sectors.

Continuous development of the education industry favouring portable study printer – Private education in China is experiencing significant growth, particularly among cram schools, online tutoring, and training institutions. To support this boom, educational companies are investing in high-quality teaching resources and incorporating advanced technologies into their operations. A notable innovation in this sector is the portable study printer, a device that is becoming increasingly relevant to the education industry. The portable study printer, with its compact and portable design, is tailored for educational settings, enabling students to print out study materials and problem sets in real-time and directly from their study spaces or classrooms. It facilitates immediate feedback on their work, allowing them to identify and correct errors on the spot, thereby enhancing their learning experience. The convenience of pocket-sized printers helps students to efficiently review mistakes and solidify their understanding of the subject matter. In turn, the portable study printer is expected to stands out as a practical tool that merges the physical and digital realms of learning, and such segment is poised to grow continuously.

Rapid development of the logistics, warehousing and e-commerce industry in the PRC – Specialty printers are widely adopted in the logistics and warehousing industry to print labels, receipts, and other documents related to inventory management. In 2022, the State Council of the PRC outlined the Modern Logistics Development Plan of the 14th Five-Year Plan (“十四五”現代物流發展規劃), which emphasis the acceleration of the construction of high-end standard warehouses and intelligent three-dimensional warehousing facilities (智能立體倉庫), which are advanced, space-efficient storage systems that utilise vertical space in addition to horizontal space and are characterised by the use of multi-level storage structures and automated systems, such as stacker cranes, conveyors, and automated guided vehicles, to efficiently store and retrieve goods. The initiative also aims to advance the intelligent transformation of logistics and warehousing by leveraging technologies like 5G, Beidou navigation, mobile Internet, big data, and artificial intelligence. In particular, specialty printer helps to streamline the shipping process, track inventory’s location and status within the warehouse or logistics facility, ensure precise and timely labelling and delivery, reduce manual errors involved, and ensure the integrity of the product delivered. Besides, scale are essential tools for logistics, warehousing and manufacturing industry to ensure the correct amount of goods are loaded, manage inventory levels, compliant with regulations, enforce quality control as well as determine the pricing scheme to be charged to customers. The logistics and warehousing industry in the PRC is thriving continuously, with the cargo throughput by the transportation means of air and ocean climbing steadily from approximately 51.5 billion tonnes to approximately 55.7 billion tonnes during 2018 to 2023, representing a CAGR of approximately 1.6%. As consumers are seeking faster and more efficient deliveries, major logistics and warehousing operators nowadays are making increasing investments in related specialty printing machines which will likely contribute to more efficient and responsive supply chains and greater productivity to the industry. Accordingly, the demand stem from the rapid development of the logistics and warehousing industry and e-commerce will continue to stimulate the AIDC devices and solutions market.

Market Trends and Opportunities

Rise of new retail – New retail refers to the integration of online and offline retail channels, as well as the use of advanced technologies such as big data and artificial intelligence to enhance the shopping experience. In 2020, the State Council of the PRC released measures in relation to developing new retail, which involves the improvement of the quality transaction process with innovative contactless model, promoting the integration of online and offline in terms of product delivery and business operation model of traditional services and the encouragement in adopting digital payment. Across the nation, brick-and-mortar stores are integrating digital upgrades such as transforming from cash payments or simple mobile phone POS setup to deploying POS terminal and specialty printers to offer a more convenient and efficient consumer experience and enhance operational productivity. Such demand is particularly seeing exponential growth especially in the second- and third-tier cities. The development of new retail in the PRC, driven by digitalisation, e-commerce growth, and consumer demand for personalisation, has transformed retail into an integrated customer experience. AIDC devices, such as POS terminals and PDAs feed real-time data into analytics systems to enable retailers to tailor promotions, optimise stock, and predict demand. Automation and connectivity of these devices support rapid order fulfillment, inventory updates, and payment processing, meeting the demand for speed and efficiency under the rise of new retail.

Big data analytics – Advanced information technology nowadays are elevating convenience of retailers and the deployment of AIDC devices are conducive to the overall digitisation and centralisation of valuable data. Subsequent to the use of POS terminal, specialty printers and scale, retailers are forming alliance with solution providers to evaluate the backend information of its customer, such as their demographics, locations, purchasing patterns, and preferences with a view to improving decision-making ability of the business. Supported by the backend analytic system such as customer relationship management and enterprise resources management system, businesses can make more informed decisions on which customers to pursue for added revenue, how sales teams are performing, how to service customers efficiently and appropriately. In turn, it is more likely for manufacturers of AIDC devices to offer one-stop services to provide the following analytics solution offerings.

Growing concerns over sustainability – With the growing concern for the environment, there are multiple eco-friendly related changes witnessed in recent years. For instance, barcode and other related labels are revamped by using sustainable materials that can be easily recycled or reused. Further, as advocated by the PRC government, more businesses are moving towards a circular economy, which implies that the markets would give incentives to reusing products, rather than scrapping them and then extracting new resources. POS receipts and barcode labels are useful tools to be used to track the lifecycle of products and materials, from production to disposal in order to ensure minimal waste. In regard to POS terminal and receipt printer, manufacturers are also targeting to assimilate sustainability by reducing the raw materials used and eliminating toxic substances, optimising the energy efficiency of printers and terminals and the recyclability of materials used.

Shift to 2D Barcodes – Global Standards 1, an organisation which develops and maintains barcode standards which are widely used in the world, is set to implement QR codes at POS systems by the end of 2027, under which the traditional barcodes will be phased out in favour of 2D barcodes (i.e. QR codes). This transition is an answer to supply chain demands and evolving consumer expectations, in which traditional barcodes prove insufficient. Because of this, businesses are turning to innovative technologies like QR codes, utilising their enhanced data capacity, interactive capabilities and robust security features to streamline operations and enhance end-user experience. In turn, the technology transition serve as a growing trend in AIDC market, creating opportunities for manufacturers of AIDC devices who develop AIDC devices that support the use of QR codes.

Market Challenges and Threats

Increased competition arising from rapid technological change – The AIDC devices and solutions industry is highlighted by rapid technological innovation, evolving industry standard and changing client requirements. Accordingly, response to rapidly changing technologies and continual improvement of market know-how is the key competition focus. Failure to catch up with industry trends would render the services to be obsolete and uncompetitive. Increased competition is seen in the AIDC devices and solutions industry in the PRC, especially when foreign companies specialised in the production of printers and POS terminals originated from Europe and Japan, including Company A and Company G, are gradually penetrating throughout the PRC market by leveraging their advantages in advanced R&D level, track record, established brand reputation as well as global sales network. The PRC-based players shall keep abreast of the market dynamics and offer customised, localised and specialised services to customer to secure competitive advantages.

Increasing cost of operations and disruption on supply chain – The rising operation costs, including labour cost, R&D cost and rental cost, along with the fierce price competition has added cost burden and affected the profitability of AIDC devices and solutions providers. In particular, the average monthly wage of professional technician in the PRC has increased from approximately RMB7,814.9 to approximately RMB11,173.8 during 2018 to 2023, representing a CAGR of approximately 7.4%. Further, the costs for production of AIDC devices is highly associated with the price of integrated circuit and printer circuit board, and the price of these two raw materials have increased at CAGRs of 10.8% and 1.1% respectively during 2018 to 2023. The disruption in supply chain owing to global events would lead to fluctuation in the price trend, coupled with rising labour cost would collectively adversely impact the cost of operation and delivery timeline of industry players.

Evolving regulatory regime in relation to privacy and data protection – The Personal Information Protection Law was passed by the Standing Committee of the National People's Congress on 20 August 2021 and was effective from 1 November 2021. It requires that the processing of personal information shall abide by the principles of legality, fairness, good faith, minimum necessity, openness and transparency. In the context of receipt, barcode, label printing and POS terminal where personal information might be embedded, businesses must ensure that any personal information collected from customers is collected and stored securely as it may contain sensitive information such as medical records or financial data.

Development Outlook of AIDC Technologies

Integration of advanced technologies such as Artificial Intelligence ("AI") and IoT

The integration of AI into AIDC systems is advancing the capabilities of supply chain management through concrete applications such as smart inventory management. For instance, RFID tags integrated with IoT enable real-time tracking of items across the supply chain, providing precise location data to warehouse management systems. Simultaneously, AI algorithms process this data to predict inventory needs, identify patterns, and optimise stock levels. In retail, this technology allows for innovative solutions like AI-enabled smart shelves that automatically detect when products are running low and need restocking, or when items are incorrectly shelved, prompting immediate corrective actions. The integration of AI and IoT not only streamlines inventory management but also enhances the customer shopping experience by ensuring product availability and enabling efficient store operations. Furthermore, machine learning algorithms can be adopted to continuously improve the accuracy and efficiency of AIDC systems by learning from patterns and making adjustments to operations autonomously. The symbiosis of AIDC with advanced technologies is propelling the automation of supply chain processes to new heights, fostering an era of innovation, precision, and speed in retail, logistics and inventory management.

Enablement of 5G technology improve AIDC efficiency and capability

The advent of 5G technology promises to significantly boost the performance of AIDC devices by offering faster data transfer rates, reduced latency, and increased reliability. The enhancement in connectivity ensures that AIDC devices can operate seamlessly in various environments, from bustling warehouses to remote outdoor locations. Mobile AIDC devices, such as handheld scanners and POS terminals and PDAs, are now being equipped with 5G capabilities, allowing for uninterrupted real-time data communication and access to cloud services, facilitating instant decision-making and streamlines logistics operations by providing workers with the ability to capture and share data on the go. The combination of high-speed connectivity and mobile form factors is transforming AIDC devices into indispensable tools for industries that require robust, always-on data capture solutions.

Adoption of wearable technology and enhanced user experience

As the market increasingly demands efficiency and ergonomic solutions, wearable AIDC devices such as smart glasses and wrist-mounted scanners, portable PDA are gaining traction. These devices allow workers to interact with data capture systems with more convenience, boosting task efficiency and promoting safer working conditions by enabling them to maintain awareness of their environment. Concurrently, the emphasis on user experience is driving innovation in device interfaces, with the development of more intuitive software and user-centred designs. The focus on ergonomics and ease of use not only mitigates user fatigue but also streamlines the learning curve, enhancing the overall operational workflow.

In the AIDC industry in China, it is common for manufacturers to provide customised and standardised products. The AIDC industry in China is competitive with a large number of manufacturers. The established market participants have extensive manufacturing capabilities and focus on innovation and product development. The Group is positioned as the manufacturer to provide both customised and standardised products in the AIDC industry in China, by placing emphasis on innovation and differentiation, fostering direct customer relationships that provide valuable insights for product development.

By the provision of standardised products, the Group benefits from cost competitiveness due to China's manufacturing capabilities, leveraging economies of scale and lower labour costs. The Group also gains access to advanced technologies, ensuring the incorporation of the latest innovations in AIDC, while taking advantage of efficient supply chain networks for timely production. The flexibility and scalability of production allow the Group to meet varying market demands effectively, enabling companies to focus on their core competencies.

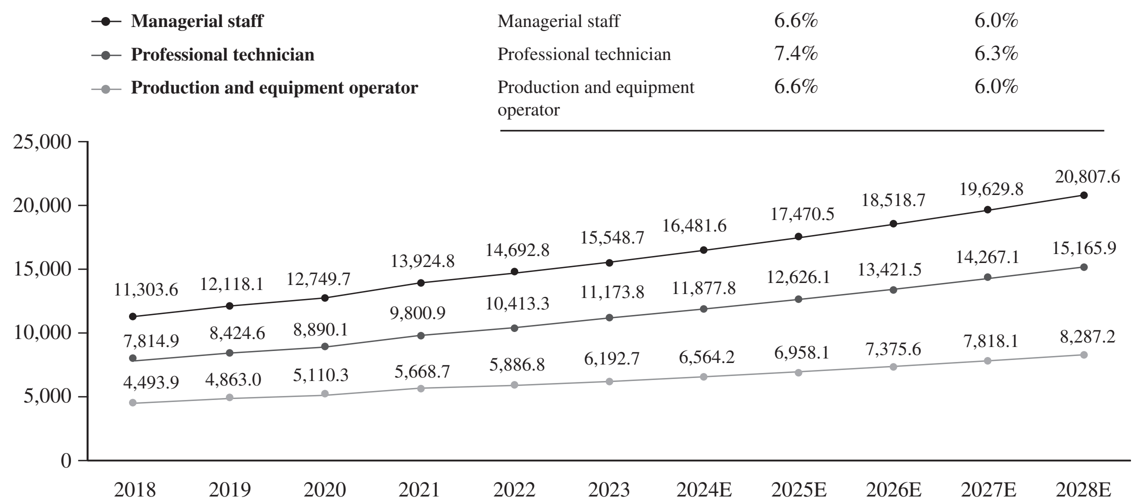
On the other hand, the provision of customised products allows the Group to establish strong brand identities by developing unique products that enhance competitive advantage and capture higher profit margins by selling directly to end-users. The Group gathers direct consumer insights to refine their offerings, invests in research and development for innovation, and explores various markets, broadening its reach and increasing sales opportunities. Together, these drivers enhance operational efficiency and profitability in the ADIC industry.

Cost Structure Analysis

From 2018 to 2023, the labour cost in the manufacturing industry in the PRC increased steadily. In particular, the average monthly wage of professional technician in the PRC has increased from approximately RMB7,814.9 to approximately RMB11,173.8 during 2018 to 2023, representing a CAGR of approximately 7.4%. The increasing labour cost is attributable to increasing demand of skillful labour equipped with skills such as knowledge on computerised management system, modelling analytical skills and proficiency in foreign languages. Going forward, the average monthly wage of employed persons in manufacturing industry, including production and equipment operator, professional technician and managerial staff are expected to grow at a slower trend at a CAGR of 6.0%, 6.3% and 6.0% respectively, owing to the increasing amount of labour entrants, resulting in a stable growth of wage. In terms of raw material cost, integrated circuit and printed circuit board are the essential raw materials for printed circuit board assembly (PCBA) which serve as the backbone of AIDC devices. The prices of these raw materials have increased at a CAGR of approximately 10.8% and 1.1% respectively during 2018 to 2023, and is expected to rise at a CAGR of 7.9% and 0.8% respectively during 2024 to 2028.

Average Monthly Salary of Employed Personnel in Manufacturing Industry in the PRC, 2018–2028E

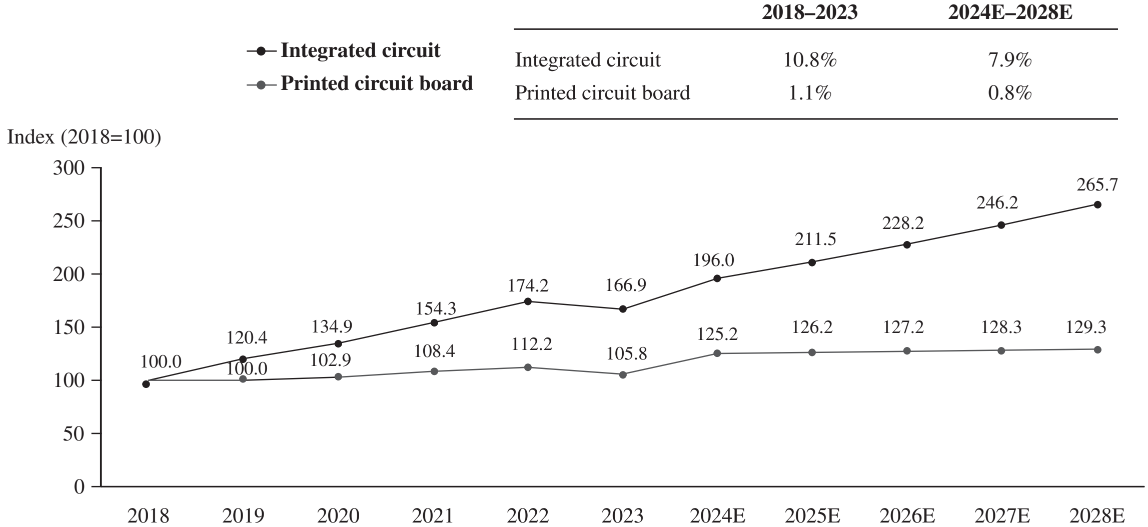
	2018–2023	2024E–2028E
Managerial staff	6.6%	6.0%
Professional technician	7.4%	6.3%
Production and equipment operator	6.6%	6.0%



Source: National Bureau of Statistics of China, Frost & Sullivan

Price Index of Major Raw Material Cost of AIDC Devices in the PRC, 2018–2028E

	2018–2023	2024E–2028E
Integrated circuit	10.8%	7.9%
Printed circuit board	1.1%	0.8%



Source: National Bureau of Statistics of China, Trade Map, Frost & Sullivan

Average Annual Salary of Employed Personnel by Occupation in Manufacturing Industry in the PRC, Fujian Province and the Group's Employees in FY2023

	Professional and technical personnel[1] *(RMB)*	Manufacturing and related personnel *(RMB)*
The PRC	134,086	74,312
Fujian Province[2]	119,103	71,748
The Group	156,963	73,875

Notes:

1. Professional technician as defined in the National Bureau of Statistics of China refers to scientific researchers, engineering and technical personnel, agricultural technical personnel, aviation and marine technical personnel, healthcare professionals, economic and professional professionals, legal, social and religious professionals, educators, professionals in literature, arts and sports, professionals in journalism, publishing and cultural fields and other professional and technical personnel.

2. Fujian Provincial Bureau of Statistics has yet to release the information regarding the average annual salary of employed persons by industry category and occupation for FY2023, the information above refers to the average annual salary of employed persons by industry category and occupation for FY2022 and is for reference only.

Source: National Bureau of Statistics of China & Fujian Provincial Bureau of Statistics

According to the "Corporate Compensation Survey Information for FY2023" published by the National Bureau of Statistics of China, it is noted that: (i) the annual salary for engineering and technical personnel in the PRC ranged from RMB39,600 to RMB182,300; and (ii) the annual salary for other professional and technical personnel in the PRC ranged from RMB37,500 to RMB185,400.

According to the "Corporate Compensation Survey Information for FY2023" published by Fujian Provincial Bureau of Statistics, it is noted that: (i) the annual salary for engineering and technical personnel in Fujian province ranged from RMB41,000 to RMB149,000; and (ii) the annual salary for other professional and technical personnel in Fujian province ranged from RMB44,700 to RMB157,000.

Our Directors are of the view that the level of salary for our R&D and technical staff and employees involved in manufacturing is reasonable compared to the prevailing market rates.

COMPETITIVE LANDSCAPE

The global AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including POS terminals, PDAs, specialty printers, and scales, in terms of business and product model development. The fast growth of the retail industry and the constant advancement of digital technology in recent years are driving up demand for AIDC devices in the APAC region. Simultaneously, numerous device makers and shipments from these countries, including the PRC, Japan, etc., are expanding, giving the region a higher market share in the worldwide AIDC devices market.

As a major market in Asia Pacific, the PRC accounts for approximately 16.6% of the global market share of the global AIDC devices market in 2023, which is overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain.

The specialty printer market in the PRC is relatively competitive with more than 300 industrial enterprises above designated size participated. The top ten players contributed to 28.0% of the entire market in terms of revenue. The Group ranked the 9th with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, the Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share.

Ranking and Market Share of Leading Specialty Printer Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company A	711.8	8.5%
2	Company B	233.2	2.8%
3	Company C	219.5	2.6%
4	Company D	199.0	2.4%
5	Company E	184.0	2.2%
6	Company F	180.3	2.1%
7	Company G	166.3	2.0%
8	Company H	165.2	2.0%
9	The Group	153.8	1.8%
10	Company I	138.9	1.7%
	Top ten subtotal	2,351.4	28.0%
	Others	6,048.6	72.0%
	Total revenue of Specialty Printer in the PRC	8,400.0	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including "printer"; registered capital of "More than RMB10 million"; status of "Active", and "Industrial enterprises above designated size", i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company A is a Nasdaq-listed computer peripherals manufacturer headquartered in Illinois, United States, with a market capitalisation of USD16.8 billion. Its Asset Intelligence and Tracking segment mainly offers ticket and barcode label printers, RFID smart label printers, fixed RFID readers, and infrastructure. Besides, it provides mobile computing, data capture, fixed industrial scanning, workflow optimisation solutions, and related services under its Enterprise Visibility and Mobility, which is a system focused on managing mobile devices, wireless networks, and other mobile computing services in a business context. Company A operates in over 170 countries and regions.

   Company B is a system printing solution manufacturing company based in Fujian province, the PRC, with expertise covering the manufacturing of POS printing, mobile printing, barcode label printing, photo printers, scanning devices, and the development of intelligent application software, multi-platform drivers, and embedded applications. Company B provides products to more than 80 countries worldwide.

   Company C is a subsidiary of a SZSE-listed company based in Shenzhen, the PRC, with a market capitalisation of RMB4.5 billion. The company is primarily engaged in the design, development, production, and distribution of smart data and payment terminals, PDAs, and specialty printers, in addition to the provision of related system solutions and cloud solutions.

   Company D is a professional printer R&D, manufacturing, and solution provider with sales headquarters in Guangdong province, the PRC, Germany and Singapore. Company D has developed its brands to provide micro printers, self-service printing devices, label printers, barcode printers, portable printers, smart card printers, etc, for customers in the globe.

   Company E is a SZSE-listed company based in Shandong province, the PRC, with a market capitalisation of RMB5.2 billion. Company E is primarily engaged in R&D, production, sales, and services of specialty printers and related products, offering competitive and intelligent products, operation services, and scenario-based solutions for global clients, including receipt/log printers, barcode/label printers, and embedded printers, etc. Its sales network is spread across 40 countries and regions worldwide.

   Company F is a TWSE-listed company based in Taiwan, China, with a market capitalisation of TWD10.3 billion, mainly offers a wide range of barcode label printing solutions to clients worldwide, including portable, desktop, industrial and enterprise barcode label printers, RFID printers, integrated barcode verification and inspection systems, etc.

   Company G is a TYO-listed electronics manufacturer of printers and imaging equipment based in Japan with a market capitalisation of JPY951.8 billion. Company G provides primarily inkjet, dot matrix, and laser printers, scanners, POS docket printers, and cash registers, etc, with a global footprint in excess of 175 countries.

   Company H is a Guangdong-based printer enterprise integrating R&D, production, sales and service, mainly engaging in thermal ticket printers, barcode printers, pin printers and related core components products, with business covering more than 150 countries and regions worldwide.

   Company I is a digital label management solutions service provider based in Fujian province, the PRC, specialising in the integrated R&D, production, sales and service of printing equipment. Its business covers more than 90 countries and regions in the globe.

   Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

3. Market capitalisation figures were based on the latest data available as at 20 February 2025.

Source: Annual Reports, Frost & Sullivan

The POS terminal and PDA market in the PRC is relatively competitive, with more than 1,600 industrial enterprises above designated size participated. The top five players have contributed to 9.7% of the entire market in terms of revenue. The Group recorded the revenue of RMB0.8 million through the sales of POS terminals and PDAs in the PRC, accounting for a market share of 0.002%.

Ranking and Market Share of Leading POS Terminal and PDAs Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company J	1,169.3	3.3%
2	Company K	736.9	2.1%
3	Company L	735.5	2.1%
4	Company M	456.8	1.3%
5	Company N	335.2	0.9%
	Top five subtotal	3,433.7	9.7%
	Others	32,064.3	90.3%
	Total revenue of POS Terminal and PDAs in the PRC	35,498.0	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including "Mobile Terminal Equipment Manufacturing"; registered capital of "More than RMB10 million"; status of "Active", and "Industrial enterprises above designated size", i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company J is a SZSE-listed company based in Fujian, China, with a market capitalisation of RMB20.5 billion, primarily offering specialised services and products in information identification, mobile communication support, highway informatisation, and electronic payment solutions, including smart POS, facial recognition FPOS, conventional POS, MPOS, PDA scanner, etc. for commercial banks and third-party payment service providers. Its sales network is spread across 70 countries and regions worldwide.

   Company K is a HKEX-listed company based in Shenzhen, with a market capitalisation of HKD54.9 billion, mainly offering electronic payment terminal solutions, including electronic payment terminals in over 120 countries.

   Company L is a SZSE-listed company based in Shenzhen, China, with a market capitalisation of RMB12.4 billion, mainly engaged in the R&D, sales and leasing of digital payment terminals' hardware and software, as well as comprehensive solutions. It offers products including intelligent POS, mobile POS, desktop POS, cryptographic keypads, external devices, etc., in more than 80 countries and regions.

Company M is a subsidiary of a technology company in the PRC, primarily engaged in product development, sales, and service in the PRC region, providing financial POS, financial self-service terminals, IC card machines, etc.

Company N is a terminal product R&D and design company, dedicated to providing OEM and ODM services for various electronic products such as POS payment terminals, barcode reading devices, industry application terminals, and intelligent hardware.

Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

3. Market capitalisation figures were based on the data available as at 20 February 2025.

Source: Annual Reports, Frost & Sullivan

The scale market in the PRC is relatively fragmented, with more than 1,500 industrial enterprises above designated size participated. The top five players have contributed to 36.0% of the entire market in terms of revenue. The Group recorded the revenue of RMB21.9 million through the sales of scales in the PRC, accounting for a market share of 1.0%.

Ranking and Market Share of Leading Scale Providers by Revenue (the PRC), 2023

Rank	**Company**	**Estimated Revenue in 2023** *(RMB$ Million)*	**Approximate Market Share** *(%)*
1	Company O	249.3	10.8%
2	Company P	216.6	9.4%
3	Company Q	165.6	7.2%
4	Company R	128.6	5.6%
5	Company S	68.5	3.0%
	Top five subtotal	828.6	36.0%
	Others	1,471.4	64.0%
	Total revenue of Scale in the PRC	2,300.00	100.0%

Notes:

1. The number of enterprises is referenced from qichamao.com, with filtering criteria including “Commercial Scale”; “Business Scope”; registered capital of “More than RMB10 million”; status of “Active”, and “Industrial enterprises above designated size”, i.e. industrial enterprises with revenue from principal activities over RMB20 million.

2. Company O is a leading NYSE-listed manufacturer of precision instruments ,headquartered in Zurich, Switzerland, with a market capitalisation of USD27.5 billion. It offers precision equipment and solution for weighing, analysis, and testing for laboratory, industrial, and food retailing use in over 100 nations and areas worldwide. The retail weighing scales include counter scale, self-service scale, and check out scale.

Company P is a providers of scale in the PRC, specialising in the production of various electronic weighing scales, electronic platform scales, electronic weighing scales, electronic counting scales, spring scales, industrial scales and household scales and other weighing products. Its sales network spread across Europe, America, the Middle East and South Asia.

Company Q is one of the earliest manufacturers engaged in R&D and production of electronic scales in the PRC, providing electronic waterproof scale, balance scale, weighing scale, platform scale and other weighing products for customers in Japan and Europe countries.

Company R a SZSE-listed company based in Zhongshan, the PRC, with a market capitalisation of RMB4.1 billion, mainly provides measurement and metrology solutions for medium and high-end domestic scales, electronic scales and industrial weighing instruments as well as corresponding software and services. Its sales network is spread across 90 countries and regions worldwide.

Company S is a company specialising in the production of load cells, packaging machines, vending machines, barcode machines, electronic scales, electronic weighing instruments and electronic cash registers for the PRC market.

3. (1) Only commercial scales are included in the ranking; and (2) Market capitalisation figures were based on the latest data available as at 20 February 2025.

Frost & Sullivan has leveraged top-down approach to compile the ranking by cross referencing to (i) various sources available in the public domain, (ii) trade interviews, and (iii) financial reports of the listed market participants.

Source: Annual Reports, Frost & Sullivan

The overall AIDC devices and solutions market in the PRC is highly fragmented with top three market players accounting for 3.3% of the entire market in terms of revenue.

The Group recorded the total revenue of RMB176.5 million, accounting for a market share of 0.2% in 2023.

Ranking and Market Share of Leading AIDC Devices and Solutions Providers by Revenue (the PRC), 2023

Rank	Company	Estimated Revenue in 2023 *(RMB$ Million)*	Approximate Market Share *(%)*
1	Company J	1,385.3	1.3
2	Company A	1,067.7	1.0
3	Company T	971.5	0.9
	Top three Sub-total	3,424.4	3.3
	Total Revenue of AIDC Devices and Solutions in the PRC	105,300.0	100.0

Note: Company T is a multinational and NASDAQ-listed company, with a market capitalisation of USD124.9 billion, specialising in consumer electronics manufacturing, engineering and technology services, and aerospace systems. It is headquartered in North Carolina, the United States, and established 174 manufacturing sites around the globe, including 70 in the United States, 53 in Europe and 51 in other international regions. Its Industrial Automation Group mainly offers a wide range of products including automation control systems, automatic identification and data acquisition, measurement control and safety inspection solutions, and safety and protective equipment, etc., to global customers.

**Note:* Market capitalisation figures were based on the data available as at 22 April 2025.

Source: Annual reports, Frost & Sullivan

Set out below are the price range, target customers, functionalities and application scenarios of the Group and the Group's major competitors:

	Price Range of AIDC devices (RMB)	**Target Customers**	**Functionalities**	**Application Scenarios**
The Group	10–10,013	Include but not limited to retail, education, catering, logistics, warehousing, manufacturing, medical and hospitality	Specialty printers, scales, POS terminals and PDAs	Include but not limited to commercial, medical and education sectors
Company A	300–7,000+	Logistics, retail, manufacturing	Commercial barcode/label high-speed printing, RFID integration, weather-resistant	Warehouse management, transport labels, retail pricing, manufacturing tracking
Company B	200–800+	Retail, F&B, healthcare	Portable Bluetooth printing, thermal receipt printing, low-noise design	Takeout orders, POS receipts, medical labels
Company C	100–800+	Retail, F&B, logistics	Label printing, receipt printing, supports multiple paper sizes, easy maintenance	Small supermarket pricing, restaurant kitchen orders, logistics waybills

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company D	800–2,000+	Retail, healthcare, government agencies	Dot-matrix printing (multi-part forms), durability, high-load operation	Invoice printing, bank documents, medical reports
Company E	150–1,200+	Logistics, retail, finance	Self-service terminal printing, barcode scanning integration, modular design	Parcel locker printing, ATM receipts, retail self-checkout
Company F	500–5,000+	Logistics, manufacturing, retail	Desktop, enterprise-level, industrial label printing, high resolution, withstands high temperature/humidity environments	Logistics package labels, production line product identification, warehouse management
Company G	500–2,000+	Retail, F&B, creative industries	High-precision colour label printing, wireless connectivity, eco-friendly design	Luxury item labels, restaurant customised orders, art identification
Company H	100–1,700+	F&B, small retail, e-commerce	Thermal receipt printing, Bluetooth/Wi-Fi connectivity, compact design	Takeout order receiving, e-commerce waybills, receipt printing
Company I	100–700+	Retail, F&B, warehousing, logistics, etc.	Mobile portable printing, multi-language support, low power consumption	Mobile stall orders, takeaway labels, service industry tickets

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company J	800–5,000+	Retail, F&B, transportation payment	Smart POS terminal, supports QR code/NFC/facial recognition payment, cloud management platform	Chain supermarket checkout, fast-food ordering, public transport ticketing
Company K	N.A	Global retail, F&B, hospitality	Multi-language/ multi-currency support, high-security payment module, supports mobile 4G/Wi-Fi, industrial-grade durability	International chain restaurants, hotel front desk checkout, high-traffic mall cashiering
Company L	N.A	Small retail, F&B, financial services	Portable POS machine, low power consumption, supports mainstream payment interfaces (UnionPay/WeChat/ Alipay)	Street store cashiering, takeout delivery payment, financial service outlets
Company M	N.A	Banks, retail, transportation payment	Bank-level security certification, adaptable to multiple scenarios (fixed/mobile POS), withstands high-frequency use	Bank card payment, gas station payment, self-service ticket machines

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company N	N.A	Small F&B, individual retail, service industry	Basic payment functions, lightweight and portable, low-cost maintenance, supports thermal receipt printing	Snack shop cashiering, night market stalls, hair salon/beauty salon checkout
Company O	200–9,000+	Food processing, laboratories, pharmaceuticals, precision industries	High-precision weighing, anti-vibration and interference resistance, cloud data integration	Laboratory drug compounding, food production line quality inspection, industrial raw material precision measurement
Company P	188–500+	Small retail, F&B kitchens, farmers' markets	Basic weighing, moisture-proof design, simple pricing function	Restaurant ingredient weighing, supermarket and small store product pricing
Company Q	120–500+	Logistics warehousing, industrial manufacturing, retail	High load capacity, anti-cheating function, industrial-grade impact resistance, supports barcode printing output	Logistics cargo weighing, factory raw material warehousing, large supermarket shelf restocking
Company R	180–550+	Retail, health industry, mixed home and commercial scenes	Smart touchscreen, automatic label printing, POS system integration	Fresh supermarket price tag printing, gym body fat measurement, chain pharmacy drug compounding and weighing

	Price Range of AIDC devices (RMB)	Target Customers	Functionalities	Application Scenarios
Company S	720–3,000+	Large retail, F&B chains, logistics	High-speed dynamic weighing, multiple product presets, anti-theft tag integration, ERP system linkage	Supermarket self-checkout scales, chain restaurant central kitchen ingredient preparation, logistics package automatic sorting
Company T	500–3,000+	Transportation logistics, healthcare, warehousing, manufacturing, retail	Mobile computing, label printing and data management	Warehouse, docks & yards, pharmacies, hospitals, factories, retail stores

Note: Retail price ranges of the competitors were based on the retail prices as extracted from the companies' official online stores. Retail prices of products of Company K–N are undisclosed due to the nature of their B2B sales model.

Entry Barriers

Branding and project reference – Existing AIDC device and solution providers have usually demonstrated the track record of successful project delivery and established sound reputation. Such track record and reputation pose as an entry barrier for new market entrants as they do not have successful precedents for marketing. Proven track record is the recognition of extensive technical skills and experience in provision of AIDC device and solution as well as a demonstration of competitive edge in engaging complex and large-scale projects. However, establishing a sound image requires long time, thus forming a major barrier for entry.

Qualification Barriers – Due to the significance of payment security and technical patents, the AIDC device industry specifies particular quality certifications and standards for manufacturers' procurement and production, with some certifications requiring a lengthier process. Furthermore, the complexity of qualifying varies for clients in different industry, such as card organisations, acquirers, or retail chain stores, clients generally place emphasis on various criteria, such as manufacturers' financial situation, operations, quality system, and technical level, etc,. Specifically, product solutions are normally selected through competitive bidding for large-scale business, which provides a significant barrier to new entrants who might not able to obtain certification quickly.

Market know-how – With strong local market know-how, the AIDC device and solution providers establish the regional specific service portfolio which allows the retailers to improve operational efficiency and reduce costs. As consumer trends and digital technology are constantly shifting, the AIDC device and solution providers are required to have a strong management team with expertise and market understanding to meet the fast-changing market needs, from inventory management, mobile payment to data analytics. As carriers of data collection and generation, electronic payment terminals and specialised printers play a significant role in retailers' day-to-day operations, therefore manufacturers are always required to update technologies and optimise features to meet market demand. The new market entrants without such market expertise would not be able to easily access to major retailers.

High conversion costs – As the retail terminal manufacturing is client-oriented toward the specific requirements, R&D services and final product delivery are customised, particularly in light of a large number of institutional clients, various payment processes and application scenarios. In addition, manufacturers and clients have formed a strong working relationship, which will continue to strengthen with further product updates and iterations, resulting in a high cost of conversion for system replacement. For new market entrants, the stable client relationships between existing player has caused a certain degree of exclusivity that would hurdle their business development.

Technological requirement for payment security – The financial payment system has a strict confidentiality awareness, with encryption methods established for the network interface, protocol standards, and payment process settlement. Consequently, it poses high technological requirements for the POS hardware and software development. Manufacturers must have a mature industrial design, data self-destruction, mechanical structure, and switch settings to ensure that POS terminal hardware does not leak data due to physical damage. To ensure data storage and transaction security, manufacturers must also block unauthorised software incursion using algorithms and a multi-layer key system. Lack of technical accumulation and actual project experience in the financial payment industry makes it challenging for new entrants to achieve the relatively rigorous security technology standards.

COMPETITIVE STRENGTHS OF OUR GROUP

Please refer to the paragraph headed "Business – Competitive strengths" in this prospectus for a detailed discussion of competitive strengths of our Group.

REGULATIONS ON INTELLECTUAL PROPERTY

The Group's intellectual property rights primarily consist of trademarks, patents, software copyright and domain names and the Company is required to comply with regulations on intellectual property.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) considered and approved by the Standing Committee of the National People's Congress (the "**SCNPC**") on 23 August 1982, most recently amended on 23 April 2019 and effective from 1 November 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, later amended on 29 April 2014 and effective from 1 May 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark licence agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on 1 June 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorisation of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Software Copyright

Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991 and latest amended on 30 January 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on 20 February 2002, Chinese citizens, legal entities or other organisations automatically enjoy copyright in the software which they have developed, whether published or not; the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) was promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on 24 August 2017 and taking into effect on 1 November 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicise the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

TRADE SECRETS

Pursuant to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) which was promulgated by the SCNPC in September 1993, and amended on 4 November 2017 and 23 April 2019, respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has commercial value, may create economic benefits for its obligee and is maintained as a secret by its obligee. Pursuant to the PRC Anti-Unfair Competition Law, business operators are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the obligee by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets of the obligee obtained illegally under item above; (3) disclosing, using or permitting others to use the trade secrets held that are in violation of any confidentiality agreements or any requirements of the obligee to keep such trade secrets confidential; or (4) instigating, inducing or assisting others to violate confidentiality obligation or to violate any requirements of the obligee to keep such trade secrets confidential, so as to disclose, use or permit others to use the trade secrets of the obligee. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses the trade secrets of others, the third party may be deemed to have committed an infringement of the others' trade secrets. The parties whose trade secrets are being infringed upon may petition for administrative corrections, and regulatory authorities shall stop any illegal activities and fine infringing parties. Where a business operator infringes any trade secret, the supervision and inspection authority shall order it to cease the illegal act, confiscate the illegal gains and impose a fine between RMB100,000 and RMB1 million; where the circumstance is serious, the fine shall be between RMB500,000 and RMB5 million.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Company shall comply with regulations on employment and social welfare to recruit employees, including entering fixed-term employment contracts with employers pursuant to the Labour Law and the Labour Contract Law. As such, it shall make social insurance and housing provident fund contributions for employees according to the Social Insurance Law and the Administration of Housing Provident Funds.

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》), or the Labour Contract Law and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labour Contract Law, which became effective on 1 July 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts must be executed in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on 29 December 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and most recently amended on 24 March 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999, and amended on 24 March 2002, and 24 March 2019, enterprises must register at the designated administrative centres and open bank accounts for depositing employees' housing provident fund. Employers and employees are also required to pay and deposit housing provident fund, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management centre. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident fund, the housing fund management centre shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON OVERSEAS LISTINGS

On 17 February 2023, the China Securities Regulatory Commission, or the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) ("**Trial Measures**") together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "**New Regulations on Filing**"). Under New Regulations on Filing, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The New Regulations on Filing provides 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. 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 and etc., and duly fulfil their obligations to protect national security.

On 24 February 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

The Company, as a PRC domestic company, shall comply with the abovementioned New Regulations on Filing and relevant provisions to offer and list securities on the Hong Kong Stock Exchange.

REGULATIONS ON THE H SHARE "FULL CIRCULATION"

The Company shall comply with regulations on the H share "full circulation" to converse its domestic shares into H shares and circulate on the Stock Exchange. Pursuant to the Guidelines for the "Full Circulation" Programme for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》(中國證監會公告[2019]22號)), or the Guidelines for the "Full Circulation", promulgated by the CSRC on 14 November 2019 and effective from the 10 August 2023, "full circulation" means the listing and circulation on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation" and to file the application with the CSRC. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Upon the completion of the filing of full circulation with the CSRC, the H-share listed company shall submit relevant status reports to the CSRC within 15 days after the shares relating to the application has completed transfer registration with the China Securities Depository and Clearing Corporation Limited, or the CSDC.

According to the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》),or the Measures for Implementation, promulgated by the CSDC and Shenzhen Stock Exchange, or the SZSE, on 31 December 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation" business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited, or the CSDC (Hong Kong), and SZSE.

In order to fully promote the reform of H-share "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, the Guide to the Programme for "Full Circulation" of H-shares of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南) was promulgated by the Shenzhen Branch of CSDC on September 20, 2024 and came into effect on September 23, 2024, which specifies the business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance of domestic holding details, etc.

REGULATIONS RELATING TO LEASING

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on 5 July 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, without the mentioned registration above, a fine may be imposed by the development (real estate) department.

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on 1 January 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

REGULATIONS RELATING TO FIRE PREVENTION:

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") came into effect on 29 April, 1998 and was latest amended on 29 April, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People's Government is responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development of the PRC on 1 April 2020 and amended and implemented on 30 October 2023, special construction projects as defined under such interim provisions shall conduct fire protection design review and obtain the fire protection acceptance, and construction projects other than such special construction projects shall be reported to the competent authority for the filing of fire protection design and acceptance of the project. Any construction project failing to complete the fire protection acceptance as prescribed shall be ordered to discontinue the use and a fine ranging from RMB30,000 to RMB300,000 shall be imposed.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties for fire safety.

LAWS RELATING TO FOREIGN EXCHANGE

The State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) on 29 January 1996, which took effect on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, respectively. Foreign exchange payments under current account items shall, according to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

SAFE promulgated the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 59**") on 19 November 2012, which became effective on 17 December 2012, was amended on 4 May 2015 and 10 October 2018 and was partially repealed on 30 December 2019. The SAFE Circular No. 59 aims to simplify foreign exchange procedures and further facilitate investment and trade. Pursuant to the SAFE Circular No. 59, approval from SAFE is not required for the opening of various special foreign exchange accounts such as front-end expense accounts, foreign exchange capital accounts and asset liquidation accounts, reinvestment made by foreign investors with lawful income in RMB obtained domestically, and remittance of profits and dividends by foreign-invested enterprises to overseas shareholders. The same subject can open multiple capital accounts in different provinces. Subsequently, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 13**"), which was partially repealed in December 2019. The SAFE Circular No. 13 provided that the banks will directly verify and handle the registration of foreign exchange for foreign direct investment instead of the SAFE, while the SAFE and its branches shall conduct through banks indirect regulation over registration of foreign exchange for foreign direct investment.

The SAFE promulgated the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular No. 21**") on 10 May 2013, which took effect on 13 May 2013, was amended on 10 October 2018 and was partially repealed on 30 December 2019. The SAFE Circular No. 21 provided that the administration by the SAFE or its local branches on direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to direct investment in the PRC based on the registration information provided by the SAFE and its branches.

According to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on 26 December 2014, a domestic company in the PRC shall, within 15 business days from the date of completion of its overseas listing issuance, register the overseas listing with the foreign exchange control bureau located at its registered address; the proceeds from an overseas listing of a domestic company of the PRC 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 document and other public disclosure documents.

On 9 June 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which came into effect on the same day and was amended on 4 December 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remittance of foreign listing proceeds, and the corresponding RMB capital may be used to extend loans to related parties or repay inter-company loans (including prepayment by third parties).

On 10 April 2020, SAFE issued the Notice of the State Administration of Foreign Exchange on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "**Notice**"), which came into effect on the same day. The Notice provides that under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt, and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties, charges or supervision in relation to foreign exchange regulations.

REGULATIONS RELATING TO ANTI-MONEY LAUNDERING

Article 191 of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》, which was adopted on 1 July 1979 and last implemented on 1 March 2024, stipulates the relevant constituent elements of the crime of money laundering. Any person who commits any of the following acts in order to conceal or disguise the source and nature of the proceeds from, or income derived from, drug-related offences, offences involving triad organisations, terrorist offences, smuggling offences, corruption and bribery offences, offences against financial administration and order and offences of financial fraud, the proceeds from, and the income derived from, the above offences shall be confiscated, and the person may be sentenced to imprisonment or criminal detention for a term not exceeding five years together with a fine, or only to a fine only; and in serious cases, the person shall be sentenced to a term of imprisonment not less than five years and not more than ten years together with a fine: (1) providing a fund account; (2) converting property into cash, financial instruments or marketable securities; (3) transferring funds by way of remittance or by other means of payment and settlement; (4) transferring assets across borders; or (5) using other means to conceal or disguise the source and nature of the proceeds from, or income derived from, crimes. If an entity commits an offence under the preceding paragraph, the entity shall be sentenced to a fine, and its directly responsible officers and other directly responsible employees shall be punished in accordance with the provisions of the preceding paragraph.

Article 3 of the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate of Several Issues Concerning the Application of Law in Handling Money Laundering Criminal Cases (《最高人民法院、最高人民檢察院關於辦理洗錢刑事案件適用法律若干問題的解釋》), which was deliberated and promulgated on 19 August 2024 and became effective on 20 August 2024, recognises "knew or should have known" in the crime of money-laundering as follows: A comprehensive examination and judgement shall be made on the basis of the information contacted and received by the perpetrator, the handling of other people's proceeds of crime and their proceeds, the type and amount of the proceeds of crime and their proceeds, the way in which the proceeds of crime and their proceeds are transferred and converted, the transaction behaviour, the fund account and other abnormalities, and in conjunction with the perpetrator's occupational experience, his or her relationship with predecessors in the commission of crimes, as well as his or her confession and justification, and the identification of accomplices and the testimony of witnesses. Except where there is evidence to prove that the perpetrator did not know. If the proceeds of a predicate offence under article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) and the proceeds thereof are recognised as the proceeds of other offences and the proceeds thereof within the scope of the predicate offence provided for in that article, this shall not affect the determination of "knew or should have known".

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties, charges or supervisions in relation to anti-money laundering.

REGULATIONS ON TAXATION

As PRC domestic enterprises, the Group shall comply with regulations on taxation.

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on 29 December 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law. A resident enterprise refers to an enterprise established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC, while a non-resident enterprise refers to an enterprise established in accordance with any laws of foreign countries (regions) with no actual management entity within the PRC but have establishments or premises in the PRC, or with no establishments or premises in the PRC but whose income is derived from the PRC. According to the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both non-resident enterprises and resident enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualified small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》),which was promulgated by the State Council and was last amended on 19 November 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on 28 October 2011 and effective from 1 November 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the VAT.

According to the Notice of the Ministry of Finance and the State Administration of Taxation 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》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Administration of Taxation 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》) promulgated on 20 March 2019 and effective from 1 April 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

According to the Measures for the Administration of Tax Refund (Exemption) of Exported Goods (Trial) (《出口貨物退(免)稅管理辦法(試行)》), which was promulgated by the State Administration of Taxation on 16 March 2005, became effective on 1 May 2005, and was partially amended on 15 June 2018, unless otherwise specified, the value-added tax for the goods exported by an exporter on his own or by means of entrustment, can be refunded or exempted with the approval of the competent tax authorities after customs declaration for export and financial sales accounting.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on 22 February 1993 and amended on 8 July 2000, 27 August 2009 and 29 December 2018, respectively, all production and sales activities within the PRC must comply with this Law. Producers and sellers shall bear the responsibility for product quality in accordance with the provisions of this Law. The responsibilities and obligations of producers for product quality include: (i) they shall be responsible for the quality of the products they produce; (ii) the labels on the products or their packaging shall be true; (iii) they shall not produce products that have been ordered to be eliminated by the PRC, shall not sell products that have been ordered to be eliminated and discontinued, and shall not sell products that have become invalid or deteriorated; (iv) they shall not forge the place of production, and shall not forge or fraudulently use the name or address of the factories of other manufacturers; and (v) they shall not forge or fraudulently use the certification mark and other product quality marks; (vi) adulteration, using fake products as genuine products, sub-standard products as good products, sub-standard products as qualified products are not allowed; and (vii) they shall make sure that the packaging for products that are fragile, flammable, explosive, highly toxic, corrosive or radioactive, cannot be inverted during storage and transport, or have other special requirements, must meet the corresponding requirements, and that there is a warning sign or warning note indicating the precautions to be taken for storage and transport. Producers who are in violation of the above responsibilities and obligations shall be liable for civil damages. The relevant authorities may order the production to stop, confiscate the illegal products, impose a fine and confiscate the illegal proceeds (if any). In serious cases, the business licence will be revoked; in case of crime, criminal liability will be investigated according to the law.

Customs

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was promulgated by the SCNPC on 22 January 1987 and was last amended on 29 April 2021, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the permission of the customs. The declaration of inward and outward articles and payment of duties on them may be made by the owners of the articles themselves or by the persons they have entrusted with the work. In addition, the consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the customs in accordance with the laws. Enterprises engaged in processing trade shall file a record with the customs office in accordance with the regulations of the General Administration of Customs. The amount of raw materials consumed during the production of the finished products shall be decided by the customs office. The finished products of a processing trade shall be re-exported within the stipulated time limit. According to the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities, which was promulgated by the General Administration of Customs (《中華人民共和國海關報關單位備案管理規定》) on 19 November 2021 and became effective on 1 January 2022, for any changes in the information such as the name of the customs declaration entity, type of market entity, domicile (main place of business), legal representative (person in charge), customs declaration personnel, etc. stated in the Information Form for Filing of Customs Declaration Entities, the customs declaration entity shall apply to the local customs office for changes within 30 days from the date of change.

REGULATIONS ON DATA SECURITY AND PROTECTION OF PERSONAL INFORMATION

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, the personal information of natural persons is protected by law, and any organisations and individuals collecting personal information must do so in accordance with the law and ensure the security of the personal information collected. Personal information shall not be illegally collected, used, processed or transmitted, nor shall it be illegally traded, provided or made public. Personal information refers to all kinds of information recorded by electronic or other means that can, individually or in combination with other data, identify a specific natural person, including, among others, a natural person's name, date of birth, identity document number, biometric information, residential address, telephone number, email address, health information and information of his/her whereabouts. The provisions on privacy shall apply to the private information in personal information, and if there are no such provisions, the provisions on protection of personal information shall apply. Personal information shall be handled under the principles of lawfulness, propriety and necessity, and shall not be excessive. In the event that an infringement of rights has been committed by an internet user through internet services, the right holder has the right to notify the internet service provider to take necessary measures such as deletion, masking and disconnection. Upon receipt of the statement, the internet service provider shall forward the same to the right holder who sent such notice, and inform him/her that he/she may lodge a complaint with the relevant department or file a lawsuit with the People's Court.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網路安全法》) promulgated by the SCNPC on 7 November 2016 and became effective on 1 June 2017, network operators shall, when conducting business operations and providing services, abide by laws and administrative regulations, respect social norms, observe business ethics, act in good faith, perform cybersecurity protection obligation, accept supervision by the government and the public, and undertake social responsibilities. For the provision of services through the network, technical measures and other necessary measures shall be taken in accordance with the provisions of laws and administrative regulations and the compulsory requirements of national standards to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data. Network operators shall not collect personal information unrelated to the services they provide, nor shall them collect or use personal information in violation of the provisions of laws and administrative regulations and the agreements between the relevant parties, and shall handle the personal information maintained by them in accordance with the provisions of laws and administrative regulations and the agreements with the users. Operators of critical information infrastructures who purchase network products and services that may affect national security shall pass the national security review organised by the national cyberspace administration in conjunction with the relevant departments of the State Council. In case of violation of the above regulations, network operators may be ordered to make rectification, warned or fined in different amounts by the competent authorities.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on 10 June 2021 and became effective on 1 September 2021, when conducting data processing activities, one shall comply with laws and regulations, respect social norms and ethics, observe business and professional ethics, act in good faith, perform data security protection obligations, and undertake social responsibilities, and shall neither compromise national security and public interest nor harm the lawful rights and interests of any individual or organisation. Data are classified and a hierarchical protection system is implemented according to their importance in economic and social development and the degree of harm to national security, public interests or the lawful rights and interests of individuals or organisations if they are tampered with, destroyed, leaked, illegally accessed or used. The Data Security Law of the People's Republic of China also implements national security reviews of data-processing activities that affect or may affect national security, and implements export controls in accordance with the law on data belonging to controlled items that are relevant to the safeguarding of national security and interests and the fulfilment of international obligations. Violation of the Data Security Law of the People's Republic of China may result in the relevant entities or individuals being warned, fined, suspended for rectification, having their permits or business licences revoked, or even being held criminally liable. According to the legal liabilities stipulated in the Data Security Law of the People's Republic of China, the maximum penalty for violation of the Data Security Law of the People's Republic of China is RMB10 million.

According to the Measures for Cybersecurity Review (《網路安全審查辦法》) promulgated by the National Cyberspace Administration of China ("**CAC**") and other competent authorities on cybersecurity review on 28 December 2021 and became effective on 15 February 2022, network operators who carry out data-processing activities that affect or may affect national security shall be subject to cybersecurity review. Network platform operators holding personal information of more than 1 million users who seeks to be listed abroad shall apply to the Cybersecurity Review Office for a cybersecurity review. The Measures for Cybersecurity Review further elaborate on the factors to be considered when assessing the national security risk of the relevant activities, including: (i) the risk of theft, leakage, destruction, illegal use or illegal outbound provision of core information, important information or a large amount of personal information, and (ii) risk of the listing resulting in critical information infrastructure, core information, important information, or large amounts of personal information being influenced, controlled, or maliciously exploited by foreign governments, as well as the risk of network information security. The National Cyberspace Administration promulgated the Regulations on Facilitating and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》) on 22 March 2024, which provides that data processors shall identify and report important information in accordance with the relevant provisions. For information that has not been notified or announced as important by relevant departments or in relevant regions, data processors are not required to apply for an outbound data security review as if they were important information. If the data provided overseas were collected and generated in activities including international trade, cross-border transport, academic cooperation, transnational production and manufacturing and marketing, and such data does not contain any personal information or important information, then they are exempted from outbound data security review, entering into standard contract for outbound personal information, and passing a personal information protection certification.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

On 7 November 2016, the SCNPC promulgated the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective as of 1 June 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. No individual or organisation may engage in activities that threaten cybersecurity such as unlawful intrusion into others' networks, interfering with the normal functions of others' network and stealing network data, provide programme or tools for such intrusions, interference or stealing, or provide any assistance such as technical support, advertisement, payment or settlement for any other person if the individual or organisation is fully aware that such person engages in an activity endangering cybersecurity.

Pursuant to the Data Security Law of People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which was promulgated by the Standing Committee on 10 June, 2021 and took effect on September 1, 2021, those carrying out the data processing activities shall comply with laws and regulations, respect social morality and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibilities; and shall not endanger national security, public interests, or harm the lawful rights and interests of the individuals and organisations. Data processing activities shall be carried out in accordance with the provisions of laws and regulations, establish and improve a whole-process data security management system, organise and carry out data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security. The use of the Internet and other information networks to carry out data processing activities shall perform the above-mentioned data security protection obligations on the basis of the network security level protection system. The state establishes a data classification and grading protection system based on the level of importance of the data in the economic and social development, as well as the level of danger of the data imposed on national security, public interests, or the legal interests of individuals and organisations upon any tampering, destruction, leakage, illegal acquisition or illegal use. The state establishes a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. If significant security risks are found in any data processing activities during the performance of their duties by the relevant authorities to regulate data security, the relevant authorities may meet with such organisations or individuals based on the prescribed authority and procedures, and require such organisations or individuals to take rectifying measures to eliminate the potential risks. Any violations of the provisions and requirements of the Data Security Law may lead to penalties, including warnings, fines, suspension of the relevant businesses, suspension of operation, revocation of relevant business licences or operation licences, or being held criminally liable in accordance with the law.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect from 1 November 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labour rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) such information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

In addition, the Personal Information Protection Law stipulates the conditions for providing personal information outside the People's Republic of China due to business needs, including that it shall (i) pass the security assessment organised by the national cyberspace administration; or (ii) pass a certification of personal information protection from a professional institution in accordance with the provisions issued by the national cyberspace administration; or (iii) enter into a standard contract formulated by the national cyberspace administration with the overseas recipient to stipulate the rights and obligations of both parties; or (iv) comply with laws, administrative regulations or any other condition prescribed by the national cyberspace administration. Any violation of requirements in respect of personal information processing or non-performance of personal information protection obligations when processing personal information could lead to order of correction, issuance of a warning, confiscation of illegal gains and order of suspension or termination of service provided by the applications processing personal information illegally from the administration performing the personal information protection duties; and fines depending on the severity of the case.

Our products and supporting applications including printing equipment, scales, POS terminals and PDAs are not designed to collect, store, or use end-user personal information. We collect personal information only as necessary for the performance of our contracts or the fulfillment of our legal obligations, and the main channels include online stores. Our individual user customers mainly interact with us through our online stores on e-commerce platforms, while a few of them place small orders directly with us. In the course of providing sales services to our individual customers through e-commerce platforms, we have the opportunity to capture order information obtained in the course of the online sales process, such as consumers' addresses, contact details, purchase details and payment results. Other than that, we do not collect, process, or store personal information. For the personal information involved above, we only receive encrypted order data (including address, contact details, purchase details and payment results) provided by the e-commerce platforms based on their agreements with the users and the scope of authorisation of the Personal Information Protection Law, and in general, the platforms will ensure that the data is desensitised and transmitted through technical means. For users placing orders directly with us, we only obtain address, contact number, purchase and payment details. We have developed working mechanisms to ensure that we apply the above personal information for specific and reasonable purposes, and limit the application of personal information processing activities to the minimum extent necessary to achieve such purposes. We have a privacy policy that makes it clear that the use, disclosure, storage, and exchange of information will only take place with the permission of the individual users. Personal information will not be shared, transmitted, or publicly disclosed without the consent from users. We have also agreed on confidentiality obligations with our employees, limiting the scope of their access to personal information and ensuring that only business essential positions have access to minimised information. We will use the data in strict accordance with the Cybersecurity Law, the Personal Information Protection Law and the agreed scope of the agreements with the e-commerce platforms to prevent over-scope use for marketing, user profiling or other non-directly related scenarios.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which has come into effect on 15 February 2022. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators (the "**CIIOs**") and the network platform operators (the "**Network Platform Operators**") which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

On 24 September 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on 1 January 2025 and applies to network data processing activities carried out within the territory of the PRC as well as the supervision and management of their security. It stipulates that the network data processors engaging in network data processing activities that affects or may affect national security shall be subject to the cybersecurity review in accordance with the relevant laws and regulations.

As advised by the PRC Legal Advisers, given that (i) elaboration or interpretation of "affect or may affect national security" are not included in the Cybersecurity Review Measures and the Regulations on Network Data Security Management (《網絡數據安全管理條例》) and according to Article 2 of the National Security Law (《國家安全法》), "national security" means a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other major interests of the state are relatively not faced with any danger and not threatened internally or externally and the capability to maintain a sustained security status; (ii) our PRC Legal Advisers conducted a telephone consultation in April 2024 with the China Cybersecurity Review, Certification and Market Regulation Big Data Centre, and were given to understand that listing on the Hong Kong

Stock Exchange does not fall within the meaning of "overseas listing" as stipulated in the Cybersecurity Review Measures and our Listing on the Hong Kong Stock Exchange will not trigger mandatory application for cybersecurity review under the Cybersecurity Review Measures. As advised by our PRC Legal Advisers, the Cybersecurity Review Measures have not been repealed or amended from the time of the consultation and up to the Latest Practicable Date, and the laws and regulations as stated above are still in force; (iii) as at the Latest Practicable Date, our Group does not possess personal information data of over one million users; (iv) as at the Latest Practicable Date, has not received any notification from regulatory bodies such as national or local cyberspace departments requiring the fulfilment of cybersecurity review obligations; (v) as at the Latest Practicable Date, our Group has not been notified of it being recognised as a critical information infrastructure operator or any network facilities and information systems being recognised as critical information infrastructure; and (vi) as at the Latest Practicable Date, our Group has not received any investigation, notice, warning or sanction issued by the competent governmental authorities in relation to national security, or been involved in any investigation by the CAC in relation to any network security review on the basis of national security or any other grounds, and has not yet received any enquiry, notice, warning or sanction in this regard, the PRC Legal Advisers are of the view that, as at the Latest Practicable Date, the possibility of our Group's business to incur national security risks that would require our Group to apply for cybersecurity review is relatively low, and the future possible application shall be subject to updates in the regulations and the opinions of the regulatory authorities on the cases.

REGULATIONS IN RELATIONS TO CROSS-BORDER DATA TRANSFER

On 7 July 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on 1 September 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (i) the data processors transferring important data abroad; (ii) a critical information infrastructure operator or a data processor that has processed personal information of more than one million people, transferring personal information abroad; (iii) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since 1 January of the preceding year, transferring personal information abroad; and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. For the purpose of the Security Assessment Measures, "important data" refers to data that may endanger national security, economic operations, social stability, public health and safety if subjected to tampering, destruction, leakage, illegal acquisition or exploitation.

According to the Measures for the Standard Contract for Outbound Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the CAC on 22 February 2023, and became effective on 1 June 2023, to provide personal information to an overseas recipient through a Standard Contract executed, a personal information processor shall meet the following criteria: (i) not being a critical information infrastructure operator; (ii) handling personal information of fewer than one million individuals; (iii) having provided personal information of fewer than 100,000 individuals in aggregate to overseas recipients since 1 January of the preceding year; and (iv) having provided sensitive personal information of fewer than 10,000 individuals in aggregate to any overseas recipients since 1 January of the preceding year. Where it is otherwise provided in any law or administrative regulations, or by the national cyberspace authority, those provisions shall prevail.

Furthermore, on 22 March 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of promulgation.

In accordance with these provisions, data processors who provide data abroad, and meet any of the following conditions, are required to declare the data export security assessment with the national cybersecurity administration authority through its local provincial counterpart: (i) critical information infrastructure operators providing personal information or important data abroad; (ii) data processors other than critical information infrastructure operator providing important data abroad or cumulatively providing abroad personal information (without any sensitive personal information) of more than one million individuals, or sensitive personal information of more than 10,000 individuals since 1 January of any calendar year. Additionally, to provide personal information to an overseas recipient through a standard contract executed or with a personal information protection certification, a personal information processor shall meet the following criteria: (i) cumulatively exporting personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1 million individuals since 1 January of any calendar year; or (ii) cumulatively exporting sensitive personal information of fewer than 10,000 individuals since 1 January of any calendar year. Besides the above, the Provisions on Facilitating and Regulating Cross-border Data Flows also provide certain circumstances under which the data processors are exempted to carry out the data export security assessment or standard contract/personal information protection certification requirements, loosening the regulations over personal information data cross-border transfer.

On 8 December 2022, the MIIT issued the Measures for the Administration of 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)》), which became effective on 1 January 2023. The measures are aimed to regulate the processing activities of data in the field of industry and information technology field conducted by relevant data processors in China. The measures apply to industrial enterprises, software and information technology service companies, and companies holding licences for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the measures, data in the field of industry and information technology includes industrial data, telecommunication data, and radio data generated and collected during the operation of relevant services. The measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures, including, among other things, data collection, storage, processing, transmission, disclosure, and destruction for data processors in the field of industry and information technology. In particular, data processors processing important data and core data are required to complete filing with relevant authorities for the catalogue of important data and core data. The filing information includes basic information on the data, such as category, classification, quantity, processing purposes and methods of data processing, scope of use, liable entities, data sharing, cross-border transfer of data, and data security protection measures. If over 30% of the quantity (i.e. number of data items or amount of data stored) of important and core data changes or there is any material change to other filing information, data processors must update the filing information with the relevant authorities within three months after such change. Furthermore, the measures provide data security requirements for cross-border and data transfers for data processors. If a data processor needs to transfer data in cases of merger, restructuring, or bankruptcy, it shall make data transfer plan and notify users affected. In addition, the measures indicate that the legal representative or principal of the data processor should be the primary person held accountable for data security and the person in charge of data security should take direct responsibility for the security of data processing activities.

We operate business in the PRC and all the data collected and generated during our operation is stored in the PRC. Furthermore, our business operation involves no cross-border transfer of personal information or important data and the data we process has not been identified or publicly announced as important data by the relevant departments or local regulatory authorities. Our issuance of H shares and listing on the Stock Exchange will not affect our existing mode of operation and will not involve cross-border transmission of data. Based on the forgoing, our PRC Legal Advisor is of the view that the likelihood that such measures required by the aforementioned regulations in relation to cross-border data transfer apply to our business operation is very remote.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, there had not (i) had any incident of our Company relating to any material breach or violation of the PRC cybersecurity or data protection laws and regulations; or (ii) been subject to third party claim, legal, administrative or governmental proceedings involving our Group in relation to the PRC cybersecurity or data protection laws and regulations. Our PRC Legal Advisers are of the view that during the Track Record Period and up to the Latest Practicable Date, the Group has complied with all the applicable PRC laws and regulations relating to data security and privacy of personal information in all material aspects.

REGULATIONS RELATING TO GENERATIVE ARTIFICIAL INTELLIGENCE SERVICES

On 10 July 2023, the CAC, consented by NDRC, Ministry of Education, Ministry of Science and Technology, MIIT, the MPS, National Radio and Television Administration, promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) ("**Generative AI Services Measures**"), effective on 15 August 2023. The Generative AI Services Measures impose compliance requirements for providers of generative AI services to the general public (non-specific natural persons, legal persons, or unincorporated organisations) within the territory of PRC.

According to the Generative AI Measures, individuals or organisations that provide generative AI services of texts, images, audios, videos, and other content shall assume the responsibility of such network information content producers to fulfil the obligations of network information security, and where such services involve personal information, shall assume the responsibility of personal information handlers to protect any personal information involved. Non-compliance may subject generative AI services providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services. Meanwhile, the Generative AI Services Measures shall not apply if an enterprise develops or applies generative AI technology but does not provide generative AI services to the domestic public.

As advised by our PRC Legal Advisers, the main business in which the Company are engaged does not provide generative AI services of texts, images, audios, videos, and other content, we are not subject to the Generative AI services Measures.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated on 29 December 1993 and latest amended on 1 July 2024.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on 15 March 2019 and came into effect on 1 January 2020, sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organisations (collectively, the "**foreign investors**") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on 30 December 2019 and came into effect on 1 January 2020, sets out the details of the foreign investment information report system. Since 1 January 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》) promulgated on 6 September 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE PROTECTION ACCEPTANCE

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated on 26 December 1989 and last amended on 24 April 2014, all entities and individuals have the obligation to protect the environment. Enterprises and operators that implement the pollution discharge licence management shall discharge pollutants according to the requirement of the pollution discharge licence, and those who fail to obtain the pollution discharge licence shall not discharge pollutants. If any person or enterprise fails to comply with the laws and regulations of environmental protection, the relevant authority may impose a fine, order such person or enterprise to take measures such as restricting production and suspending production to make recovery, or even order to shut down the entity in severe cases.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on 28 October 2002, became effective on 1 September 2003 and last amended on 29 December 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on 20 November 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organise the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the content, conclusion and public information of the acceptance. The construction unit shall be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) which was promulgated on 30 October 1995 and last amended on 29 April 2020 and came into effect on 1 September 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on the environment and comply with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》) which was promulgated on 11 May 1984, last amended on 27 June 2017, and came into effect on 1 January 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed constructed and put into operation simultaneously with the major construction works of the construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed environmental impact assessment documents.

The Administrative Measures on Licencing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on 22 January 2015, last amended on 1 December 2022 and came into effect on 1 February 2023, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a Licence for Urban Drainage (排水許可證).

Fire Protection Design Approval and Filing

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was adopted on 29 April 1998 and last amended on 29 April 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People's Government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development on 1 April 2020, last amended on 21 August 2023 and officially implemented on 30 October 2023, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill protection design and acceptance of the project with competent authority.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

Regulations on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on 22 February 1993 and last amended on 29 December 2018 is the principal governing law relating to the supervision and administration of product quality. It clarified liabilities of the manufactures and sellers. Manufacturers shall be responsible for the quality of their products. If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturers shall bear liability for compensation, unless they are able to prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Regulations on Consumer Protection

According to the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") which was promulgated by the SCNPC on 31 October 1993 and last amended on 25 October 2013, where business operators sell commodities on the internet, on television, over telephone, or by mail order, consumers shall have the right to return the commodities within seven days of receipt of them without cause, subject to certain exceptions. Moreover, consumers are entitled to the protection of their personal safety and property security at the time of purchase and use of goods and receipt of services. Violations of the Consumer Protection Law may result in the imposition of fines, the suspension of operation, the revocation of business licence or even criminal liability of the business operators.

Competition Law

In accordance with the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") which was promulgated by the SCNPC on 2 September 1993 and amended on 4 November 2017 and 23 April 2019, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognised business ethics. Unfair competition means a business operator, in violation of the Anti-Unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. When the legitimate rights and interests of a business operator are damaged by unfair competition, it may start a lawsuit in the People's Court. In contrast, if a business operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another business operator, it shall be liable for damages. If the damage suffered by the business operator is difficult to assess, the amount of damages shall be the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed business operator to stop the infringement.

REGULATIONS ON PRODUCT STANDARDS AND CERTIFICATION

Regulations Relating to Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (amended in 2022) (《強制性產品認證管理規定(2022年修訂)》) promulgated by the SAMR (formerly the General Administration of Quality Supervision, Inspection and Quarantine) on 3 December 2001, amended on 29 September 2022, and became effective on 1 November 2022, the SAMR is in charge of the compulsory product certification nationwide, and is responsible for the organisation, implementation, supervision, administration, and comprehensive coordination of the compulsory product certification of the whole country, while local market regulation and administration authorities at county level or above are responsible for the supervision and administration of compulsory product certification activities within their jurisdiction. With respect to products which are subject to compulsory product certification, China has issued a uniform catalogue of products, uniform compulsory technical requirements, standards and compliance review procedures, uniform certification signs, and uniform fee-charging standards.

The Administrative Regulations on Compulsory Product Certification state that the producers, distributors and importers ("**certification clients**") of products listed in the catalogue shall authorise the certification institutions ("**certification institution**") designated by the SAMR to certify the products produced, sold or imported by them. A certification institution shall, under the requirements in the certification rules and on the basis of the features and actual situation of the products, take samples by means of delivery by the certification client, on-the-spot sampling or sealing up samples on the spot and then have them delivered by the certification client, and authorise a lab designated by the SAMR to conduct a product type test of the samples. After the certification institution has finished the product type test and factory inspection, usually it shall issue a certification certificate within 90 days as of the date of acceptance of the certification authorisation if the certification requirements are satisfied. A certification certificate shall be valid for five years. Where it is necessary to continue using a certification certificate after the expiration of its valid period, the certification client shall file an application 90 days prior to the expiration of its valid period. The format of a certification sign shall consist of a basic pattern and an indication of the certification category. The letters "CCC" in the basic pattern are the English abbreviation of "China Compulsory Certification".

According to the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》), which was issued by the State Administration for Market Regulation of the PRC ("**SAMR**") jointly with the Certification and Accreditation Administration of the PRC and effective from 3 December 2001, computer-assisted printing equipment, mobile terminals, cash registers in the absence of the compulsory product certificate and the mandatory certification mark of China shall not leave the factory, or be exported or put on sale.

All of our printing equipment, PDAs and POS terminals have been granted the PRC National Compulsory Product Certification Certificate to comply with the requirements of the Implementation Rules for Compulsory Product Certification Electronic Products and Safety Accessories (《強制性產品認證實施規則電子產品及安全附件》) (CNCA-C09-01:2023).

During the Track Record Period, we submitted the necessary applications for renewal to China Quality Certification Centre (中國質量認證中心), and the renewed certificates had been issued to our products. As advised by our PRC Legal Advisers, there is no material legal impediment to renew the certificates.

Regulations Relating to Radio Transmitting Equipment

According to the Radio Regulations of the PRC (《中華人民共和國無線電管理條例》) promulgated by the State Council and the Central Military Commission on 11 September 1993, amended on 11 November 2016 and effective on 1 December 2016, radio transmission equipment produced or imported for domestic sale or use shall comply with the laws and regulations on the quality of the products, the national standards and the relevant provisions on radio regulation. The production and import of radio transmission equipment that is subject to model approval shall, in addition to the above requirements, comply with the technical specifications confirmed by the Radio Transmission Equipment Model Approval Certificate, and a model approval code shall be indicated on the equipment. Except for micro power short-distance radio transmission equipment (the equipment characterised by low transmit power and short transmission distance and intended to cover radio transmitters which provide either unidirectional or bidirectional communication and which have low capability of causing interference to other radio equipment), for the production or import of other radio transmission equipment for domestic sale and use, an application for model confirmation shall be filed with the radio regulatory authority of the state. The model confirmation catalogue of radio transmission equipment shall be released by the radio regulatory authority of the state.

According to the Radio Transmitting Equipment Type Approval Equipment Type and Sample Requirements (《無線電發射設備型號核准設備類型及樣品要求》) issued by the Ministry of Industry and Information Technology, certain of our printing equipment, PDAs, POS terminals and weighing scales with Bluetooth, Wi-Fi, and 4G/5G cellular connectivity are classified as regulated radio transmitting equipment (which is categorised as cellular public network mobile communication terminal equipment and 2.4GHz band wireless local area network equipment). These products have obtained the Radio Transmitting Equipment Type Approval Certificate (《無線電發射設備型號核准證》) as issued by the Ministry of Industry and Information Technology to certify that comply with the provisions of the Radio Regulations of the PRC.

Regulations Relating to Telecommunications Terminal Equipment

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), which was promulgated by the State Council and became effective on 25 September 2000, and recently amended with immediate effect on 6 February 2016, the State has implemented a network access licensing system for telecommunications terminal equipment, radio communications equipment and interconnection equipment. Any telecommunications terminal equipment, radio communications equipment and interconnection equipment connecting to a public network must comply with the standards specified by the State and obtain a network access licence. The list of telecommunications equipment subject to network access licensing shall be formulated, announced and implemented by the information technology administration department of the State Council jointly with the product quality supervision department of the State Council. The product quality supervision department of the State Council shall, in conjunction with the information technology administration department of the State Council, conduct quality tracking and supervisory sampling of telecommunication equipment that has been granted a network access licence.

According to the Interim Measures for the Administration of Network Entry Test of New Telecommunications Equipment (《電信新設備進網試驗管理暫行辦法》) issued by the Ministry of Information Industry on 26 May 2003, which came into effect on the same day, new telecommunications equipment (referring to telecommunications equipment that should be subject to the network entry permit system but do not have any official national standards or industry standards, or are not listed in the Catalogue of the First Batch of Telecommunications Equipment Subject to Network Entry Permit System (《第一批實行進網許可制度的電信設備目錄》) are allowed to enter the network for trial under the condition of conforming to the national industrial policy and not affecting the network security and smooth flow. The Ministry of Information Industry will issue the Telecommunication Equipment Network Access Trial Approval Certificate (《電信設備進網試用批文》) for authorising the use on public networks for trial purposes.

Our products with network access functions such as receipt printers qualify as new telecommunication equipment, and have obtained the Telecommunication Equipment Network Access Trial Approval Certificates which prove that they are permitted to access the public telecommunication network for trial purpose.

Regulations Relating to Measuring Instruments

According to the Metrology Law of the PRC (《中華人民共和國計量法》) promulgated on 6 September 1985 and most recently amended and immediately effective from 26 October 2018, and the Implementing Rules of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》) which was issued on 1 February 1987 and most recently revised on 29 March 2022, and then came into force on 1 May 2022, enterprises and institutions manufacturing measuring instruments must pass the assessment of metrological performance of their samples conducted by the metrological administrative departments of People's Governments at or above the provincial level before they can put into production any new types of measuring instruments that they have not previously manufactured. No entity or individual is permitted to manufacture, sell, or import measuring instruments using non-statutory measurement units in violation of regulations. The metrological administrative departments of People's Governments at or above the county level shall conduct supervision and inspection over the manufacturing, repair, sale, import, and use of measuring instruments, as well as related metrological verification activities in accordance with the law. Relevant entities and individuals shall not refuse or obstruct such inspections.

According to the Measuring Instruments New Product Management Measures (《計量器具新產品管理辦法) as promulgated by SAMR on 10 July 1987 and last amended on 1 June 2023, where a producer, for the purpose of sales, manufactures new measuring instruments that are listed in the Catalogue of Measuring Instruments Subject to Mandatory Administration (《實施強制管理的計量器具目錄》), the new measuring instruments are subject to the regulatory requirement of pattern approval from the provincial-level market regulation department before commencing production.

Our scales belong to the Catalogue of Measuring Instruments Subject to Mandatory Administration and we are required to apply for pattern approval. Our scales have obtained Pattern Approval Certificates for Measuring Instruments (《計量器具型式批准證書》) issued by the Fujian Provincial Market Supervision Administration (福建省市場監督管理局) in accordance with Article 13 of the Metrology Law of the PRC (《中華人民共和國計量法》) and the relevant provisions of the Rules for the Implementation of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》).

As advised by our PRC Legal Advisers, our products have complied with all the applicable PRC regulations on product standards and certification during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider, dedicated to the R&D, design, manufacturing, marketing of speciality printers, scales, POS terminals and PDAs. On 20 December 2010, our Company was founded in the PRC by our executive Directors and Controlling Shareholders, Mr. Xu Kaiming (許開明) and his younger brother, Mr. Xu Kaihe (許開河) with their personal savings where they started to conduct research and development of a wide variety of products including printers and relevant accessories. In 2011, we started to launch our products. Over the past decade, with our dedication in R&D, our product portfolios expanded from printing equipment including specialty printers to scales and POS terminals and PDAs. During the Track Record Period, our products were sold to over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates, and not less than 30 provinces, municipalities and autonomous regions in China.

On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).

Mr. Xu Kaiming has been a Director and Controlling Shareholder of our Company since its establishment and has rich experience in the AIDC devices and solution industry. Together with Mr. Xu Kaihe who has been a Director since October 2019, Mr. Xu Kaiming and Mr. Xu Kaihe contributed their experience and expertise to building up our brand and reputation, and diversifying our product portfolios. For details of the background of Mr. Xu Kaiming and Mr. Xu Kaihe, please refer to the section headed "Directors, Supervisors and Senior Management – Board of Directors – Executive Directors" in this prospectus.

OUR KEY MILESTONES

The key milestones in the development of our Group as set out below:

Year	**Event**
2010	Our Company was established as a limited liability company in the PRC.
2014	Our Company was recognised as a National High and New Enterprise (國家高新技術企業), and such accreditation was subsequently renewed in 2017, 2020 and 2023.
2015	We diversified our product offering to scales.
2017	IMachine, a direct wholly-owned subsidiary of our Company, was established on 15 November 2017, focusing on the sales of POS terminals and PDAs.

Year	Event
2018	We expanded our business to the POS terminal and PDA markets.
2019	Our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).
2021	We were accredited as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), and such accreditation was subsequently renewed in 2024.
2022	Our New Xiamen Base was officially put into use.
	We also established our R&D centre in Wuhan.
2024	We were granted the iF Design Award 2024 and the Red Dot Design Award, which are world-renowned product design awards, for the design of our iMACHINE desktop POS terminal.

CORPORATE DEVELOPMENT

The following sets forth the corporate development and major shareholding changes of our Company and its principal subsidiaries.

Our Company

Our Company was established as a limited liability company in the PRC on 20 December 2010, with an initial registered capital of RMB1 million, of which Mr. Xu Kaiming and Mr. Xu Kaihe, were interested in 95% and 5%, respectively.

Transfer of equity interest by Mr. Xu Kaiming to Mr. Yang Litie (楊禮鐵) and subsequent increase of registered capital

On 20 December 2013, Mr. Xu Kaiming and Mr. Yang Litie entered into an equity transfer agreement for the transfer of 10% equity interest in our Company by Mr. Xu Kaiming to Mr. Yang Litie at a consideration of RMB100,000, which was based on the amount of registered capital of our Company being transferred. The consideration had been duly settled by instalments by September 2017 through arm's length negotiation between the parties taking into account the availability of financial resources of Mr. Yang Litie. Upon the completion of the equity transfer on 27 December 2013, our Company was owned as to 85% by Mr. Xu Kaiming, 10% by Mr. Yang Litie, a former employee of our Group, and 5% by Mr. Xu Kaihe, respectively.

On 14 April 2014, the increase in the registered capital of our Company from RMB1 million to RMB10 million was completed by an increase of RMB9 million, of which RMB7.65 million was subscribed by Mr. Xu Kaiming, RMB0.9 million was subscribed by Mr. Yang Litie and RMB0.45 million was subscribed by Mr. Xu Kaihe. The capital increase was funded by their own personal savings and the consideration had been duly settled in April 2014. The respective equity interests of Mr. Xu Kaiming, Mr. Yang Litie and Mr. Xu Kaihe remained unchanged after the completion of the capital increase.

Increase of registered capital and subscription of registered capital by Xiamen Rongxin and Xiamen Gaoli Hezhong

On 14 December 2017, the increase in the registered capital of our Company from RMB10 million to RMB20 million was completed by an increase of RMB10 million, of which Xiamen Rongxin subscribed for 50% of the equity interest of our Company at a cash consideration of RMB10 million, which was equivalent to the amount of registered capital of our Company being increased. Xiamen Rongxin is a PRC-based limited liability company established by Mr. Xu Kaiming and Mr. Xu Kaihe and since its incorporation, Xiamen Rongxin has been owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe, respectively. The capital increase was funded by the capital injection into Xiamen Rongxin by its shareholders and the consideration had been duly settled in December 2017. Upon the completion of the subscription of registered capital, our Company was owned as to 50% by Xiamen Rongxin, 42.5% by Mr. Xu Kaiming, 5% by Mr. Yang Litie and 2.5% by Mr. Xu Kaihe, respectively.

On 28 December 2017, the increase in the registered capital of our Company from RMB20 million to RMB20,254,600 was completed by an increase of RMB254,600 as a result of the subscription of 1.26% of the equity interest of our Company by Xiamen Gaoli Hezhong. The consideration for the capital subscription was RMB1,018,400, of which RMB254,600 was the contribution to the registered capital of our Company, and the remaining RMB763,800 was credited as the capital reserve of our Company. Xiamen Gaoli Hezhong is a PRC-based limited partnership and one of our employee shareholding platforms. The consideration for the capital subscription was determined through arm's length negotiations between our Company and the participants of the employee shareholding platform with reference to the financial position of our Group for the ten months ended 31 October 2017. The capital increase was funded by the personal funds of the partners of Xiamen Gaoli Hezhong and the consideration had been duly settled in December 2017. Upon the completion of the subscription of registered capital, our Company was owned as to 49.37% by Xiamen Rongxin, 41.96% by Mr. Xu Kaiming, 4.94% by Mr. Yang Litie, 2.47% by Mr. Xu Kaihe, and 1.26% by Xiamen Gaoli Hezhong, respectively.

Increase of registered capital and subscription of registered capital by Xiamen Gaoli Zhongcheng and Mr. Li Cheng (李程)

On 20 December 2018, the increase in the registered capital of our Company from RMB20,254,600 to RMB20,530,600 was completed by capital injection of RMB276,000, of which Xiamen Gaoli Zhongcheng subscribed for 0.71% of the equity interest of our Company at a cash consideration of RMB146,000, and Mr. Li Cheng (李程), a former employee of our Group, subscribed for 0.63% of the equity interest of our Company at a cash consideration of RMB130,000, each of which was equivalent to the amount of registered capital of our Company being increased. The remaining subscription amount invested by Xiamen Gaoli Zhongcheng and Mr. Li Cheng of RMB876,000 and RMB780,000 was credited to the capital reserve of our Company, respectively. Xiamen Gaoli Zhongcheng is a PRC-based limited partnership and one of our employee shareholding platforms. The subscription amount was determined through arm's length negotiations between our Company and the participants of the employee share shareholding platform with reference to the financial position of our Group for the ten months ended 31 October 2018. The capital increase was funded by the personal funds of the partners of Xiamen Gaoli Zhongcheng and Mr. Li Cheng and the consideration had been duly settled in December 2018.

The following table sets forth our equity structure after the above subscription of registered capital:

Holders of equity interest	**Approximate percentage of equity interest held**
Xiamen Rongxin	48.71%
Mr. Xu Kaiming	41.40%
Mr. Yang Litie	4.87%
Mr. Xu Kaihe	2.44%
Xiamen Gaoli Hezhong	1.24%
Xiamen Gaoli Zhongcheng	0.71%
Mr. Li Cheng	0.63%
Total	100%

Transfer of equity interest by Mr. Yang Litie to Mr. Lin Huanan (林樺楠)

On 5 June 2019, Mr. Yang Litie and Mr. Lin Huanan (林樺楠), an Independent Third Party, entered into an equity transfer agreement for the transfer of 3.43% equity interest in our Company by Mr. Yang Litie to Mr. Lin Huanan at a consideration of RMB1.8 million, which was based on arm's length negotiations between Mr. Yang Litie and Mr. Lin Huanan with reference to: (i) the financial position of our Group for the four months ended 30 April 2019; and (ii) the principal amount of investment made by Mr. Yang Litie and the funding needs of Mr. Yang Litie. The consideration had been duly settled in September 2019. Upon the completion of the equity transfer on 8 July 2019, our equity structure was as follows:

Holders of equity interest	**Approximate percentage of equity interest held**
Xiamen Rongxin	48.71%
Mr. Xu Kaiming	41.40%
Mr. Lin Huanan	3.43%
Mr. Xu Kaihe	2.44%
Mr. Yang Litie	1.44%
Xiamen Gaoli Hezhong	1.24%
Xiamen Gaoli Zhongcheng	0.71%
Mr. Li Cheng	0.63%
Total	100%

Conversion into a joint stock company with limited liability

Pursuant to Shareholders' resolutions passed on 25 September 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed from Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司).

Pursuant to the promoters' agreement dated 25 September 2019 entered into by all the then Shareholders, it was agreed that based on the audited net assets value of our Company as at 31 July 2019, being RMB49,013,071.51, (i) RMB30,000,000 was credited as the registered share capital of our Company and was converted into 30,000,000 Shares of our Company on a one-to-one basis, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion; and (ii) the remaining RMB19,013,071.51 was credited as the capital reserve of our Company (the "**Conversion**"). The Conversion was completed on 28 October 2019 when our Company obtained a new business licence.

The following table sets forth our shareholding structure immediately after the Conversion:

Shareholders	**Number of Shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	14,613,000	48.71%
Mr. Xu Kaiming	12,420,000	41.40%
Mr. Lin Huanan	1,029,000	3.43%
Mr. Xu Kaihe	732,000	2.44%
Mr. Yang Litie	432,000	1.44%
Xiamen Gaoli Hezhong	372,000	1.24%
Xiamen Gaoli Zhongcheng	213,000	0.71%
Mr. Li Cheng	189,000	0.63%
Total	30,000,000	100%

April 2021 Investment

Pursuant to an investment agreement dated 11 April 2021 (as supplemented by supplemental agreements dated 12 April 2021 and 24 December 2021 respectively) entered into between Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司) ("**Raycloud Technology**"), our Company and our then Shareholders, Raycloud Technology agreed to subscribe for 333,300 Shares at a consideration of RMB6 million, among which RMB333,300 became registered capital of the Company and RMB5,666,700 became the capital reserve of the Company. The consideration for the capital subscription was based on arm's length negotiations between the parties with reference to: (i) the historical financial and business performance of our Group; (ii) price to earning ratios of companies listed in the PRC in the same industry; and (iii) considering that Raycloud was a company listed in the PRC and was one of our Group's major customers for the year ended 31 December 2020, such capital subscription had been duly settled in May 2021. Upon the completion of the above subscription of shares on 29 April 2021, the registered capital of our Company increased from RMB30,000,000 to RMB30,333,300, and our shareholding structure was as follows:

Shareholders	**Number of Shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	14,613,000	48.17%
Mr. Xu Kaiming	12,420,000	40.95%
Mr. Lin Huanan	1,029,000	3.39%
Mr. Xu Kaihe	732,000	2.41%
Mr. Yang Litie	432,000	1.42%
Xiamen Gaoli Hezhong	372,000	1.23%
Raycloud Technology	333,300	1.10%
Xiamen Gaoli Zhongcheng	213,000	0.70%
Mr. Li Cheng	189,000	0.62%
Total	30,333,300	100%

May 2021 Investment

Pursuant to an investment agreement dated 6 May 2021 (as supplemented by a supplemental agreement dated 27 December 2021) entered into between Xiamen Yijiayi Investment Co., Ltd.* (廈門壹佳頤投資有限公司) ("**Xiamen Yijiayi**"), Xiamen Shangzhi Lianyao Architectural Engineering Design Co., Ltd.* (廈門上智聯耀建築工程設計有限公司) ("**Xiamen Shangzhi Lianyao**"), Jiangsu Zhanbo Industrial Automation Technology Co., Ltd.* (江蘇展博工業自動化科技有限公司) ("**Jiangsu Zhanbo**"), Xiamen Chengfeng Junhua Supply Chain Management Co., Ltd.* (廈門成豐君華供應鏈管理有限公司) ("**Xiamen Chengfeng Junhua**"), Xiamen Jiayi Junde Management Consulting Co., Ltd.* (廈門嘉熠君德管理諮詢有限公司) ("**Xiamen Jiayi Junde**"), our Company and our then Shareholders, the abovementioned Pre-IPO Investors agreed to subscribe for a total number of 1,925,100 Shares at a total consideration of RMB37,597,100, among which RMB1,925,100 became registered capital of the Company and RMB35,672,000 became the capital reserve of the Company. The consideration was based on arm's length negotiations between the parties with reference to the historical consideration for the capital subscription and business performance of our Group and had been duly settled in June 2021.

The respective subscription amount and consideration paid by the relevant Pre-IPO Investors were as follows:

Subscribers	**Number of Shares subscribed for**	**Registered capital subscribed for** *(RMB)*	**Consideration paid** *(RMB)*
Xiamen Yijiayi	1,290,300	1,290,300	25,200,000
Xiamen Shangzhi Lianyao	381,500	381,500	7,450,000
Jiangsu Zhanbo	202,100	202,100	3,947,100
Xiamen Chengfeng Junhua	30,700	30,700	600,000
Xiamen Jiayi Junde	20,500	20,500	400,000
Total	1,925,100	1,925,100	37,597,100

Upon the completion of the above subscription of Shares on 10 May 2021, the registered capital of our Company was increased from RMB30,333,300 to RMB32,258,400, and our shareholding structure was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	45.30%
Mr. Xu Kaiming	12,420,000	38.50%
Xiamen Yijiayi	1,290,300	4.00%
Mr. Lin Huanan	1,029,000	3.19%
Mr. Xu Kaihe	732,000	2.27%
Mr. Yang Litie	432,000	1.34%
Xiamen Shangzhi Lianyao	381,500	1.18%
Xiamen Gaoli Hezhong	372,000	1.15%
Raycloud Technology	333,300	1.03%
Xiamen Gaoli Zhongcheng	213,000	0.66%
Jiangsu Zhanbo	202,100	0.63%
Mr. Li Cheng	189,000	0.59%
Xiamen Chengfeng Junhua	30,700	0.10%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,258,400	100%

Transfer of Shares by Mr. Li Cheng to Mr. Xu Kaihe

On 28 July 2021, Mr. Li Cheng and Mr. Xu Kaihe entered into a share transfer agreement for the transfer of 189,000 Shares in our Company by Mr. Li Cheng to Mr. Xu Kaihe at a consideration of RMB1,025,266.67, which was based on arm's length negotiations between Mr. Li Cheng and Mr. Xu Kaihe, with reference to the historical financial and business performance of our Group and the principal amount of investment made by Mr. Li Cheng (together with an annualised interests rate with reference to the then bank interest rate). The consideration had been duly settled in July 2021. After this transfer, our shareholding structure of the Company was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	45.30%
Mr. Xu Kaiming	12,420,000	38.50%
Xiamen Yijiayi	1,290,300	4.00%
Mr. Lin Huanan	1,029,000	3.19%
Mr. Xu Kaihe	921,000	2.86%
Mr. Yang Litie	432,000	1.34%
Xiamen Shangzhi Lianyao	381,500	1.18%
Xiamen Gaoli Hezhong	372,000	1.15%
Raycloud Technology	333,300	1.03%
Xiamen Gaoli Zhongcheng	213,000	0.66%
Jiangsu Zhanbo	202,100	0.63%
Xiamen Chengfeng Junhua	30,700	0.10%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,258,400	100%

December 2021 Investment

Pursuant to an investment agreement dated 8 December 2021 entered into between Xiamen Yijiayi, Xiamen Chengfeng Junhua, Xiamen Gaoli Zhongcheng, our Company and our then Shareholders, the abovementioned Pre-IPO Investors agreed to subscribe for a total number of 474,400 Shares at a total consideration of RMB6,416,500, among which RMB2,628,600 became registered capital of the Company and RMB3,787,900 became the capital reserve of the Company. The consideration was based on arm's length negotiations between the parties, the historical financial and business performance of our Group and the financial position of our Group for the ten months ended 31 October 2021 and had been duly settled in December 2021.

The respective subscription amount and consideration paid by the relevant Pre-IPO Investors were as follows:

Subscribers	Number of Shares subscribed for	Consideration paid *(RMB)*
Xiamen Yijiayi	148,500	2,900,000
Xiamen Chengfeng Junhua	122,900	2,400,000
Xiamen Gaoli Zhongcheng	203,000	1,116,500
Total	474,400	6,416,500

Upon the completion of the above subscription of registered capital on 20 December 2021, the registered capital of our Company increased from RMB32,258,400 to RMB32,732,800, and our shareholding structure was as follows:

Shareholders	Number of Shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	14,613,000	44.64%
Mr. Xu Kaiming	12,420,000	37.94%
Xiamen Yijiayi	1,438,800	4.40%
Mr. Lin Huanan	1,029,000	3.14%
Mr. Xu Kaihe	921,000	2.81%
Mr. Yang Litie	432,000	1.32%
Xiamen Gaoli Zhongcheng	416,000	1.27%
Xiamen Shangzhi Lianyao	381,500	1.17%
Xiamen Gaoli Hezhong	372,000	1.14%
Raycloud Technology	333,300	1.02%
Jiangsu Zhanbo	202,100	0.62%
Xiamen Chengfeng Junhua	153,600	0.47%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,732,800	100%

Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin

On 10 October 2022, Xiamen Yijiayi and Xiamen Rongxin entered into a share transfer agreement pursuant to which, Xiamen Yijiayi agreed to transfer to Xiamen Rongxin 1,438,800 Shares at a consideration of RMB31,549,000, which was based on (i) the previous Shareholders agreement; (ii) valuation report of our Group with basis data as at 31 August 2022; and (iii) the commercial negotiations between Xiamen Yijiayi and Xiamen Rongxin.

On 13 October 2022, Xiamen Shangzhi Lianyao and Xiamen Rongxin entered into a share transfer agreement pursuant to which Xiamen Shangzhi Lianyao agreed to transfer to Xiamen Rongxin 381,500 Shares at a consideration of RMB7,878,900, which was based on (i) the previous Shareholders agreement; (ii) valuation report of our Group with basis data as at 31 August 2022; and (iii) the commercial negotiations between Xiamen Shangzhi Lianyao and Xiamen Rongxin.

The investments of Xiamen Yijiayi and Xiamen Shangzhi Lianyao in our Company were based on the agreement that our Company would file a listing application on one of the stock exchanges in the PRC. For reasons as set out in the paragraph headed "Previous A Share Listing Attempt" in this section of this prospectus, our Company did not proceed with the filing of the listing application in the PRC. As a result, Xiamen Yijiayi and Xiamen Shangzhi Lianyao requested to withdraw their investments and transfer their Shares to Xiamen Rongxin. The consideration had been duly settled in October 2022.

Upon the completion of the above transfers of Shares on 18 October 2022, our Company's shareholding structure was as follows:

Shareholders	**Number of Shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	16,433,300	50.20%
Mr. Xu Kaiming	12,420,000	37.94%
Mr. Lin Huanan	1,029,000	3.14%
Mr. Xu Kaihe	921,000	2.81%
Mr. Yang Litie	432,000	1.32%
Xiamen Gaoli Zhongcheng	416,000	1.27%
Xiamen Gaoli Hezhong	372,000	1.14%
Raycloud Technology	333,300	1.02%
Jiangsu Zhanbo	202,100	0.62%
Xiamen Chengfeng Junhua	153,600	0.47%
Xiamen Jiayi Junde	20,500	0.06%
Total	32,732,800	100%

Bonus issue by way of conversion of capital reserve in our Company

On 15 June 2023, pursuant to a shareholders' resolution, the Share capital of our Company increased from RMB32,732,800 to RMB80,000,000 as a result of conversion of capital reserve into registered capital. Upon completion of the said conversion on 18 July 2023, our Company's shareholding structure was as follows:

Shareholders	**Number of shares held by the Shareholders**	**Approximate percentage of shareholding held**
Xiamen Rongxin	40,163,505	50.21%
Mr. Xu Kaiming	30,354,873	37.94%
Mr. Lin Huanan	2,514,909	3.14%
Mr. Xu Kaihe	2,250,953	2.81%
Mr. Yang Litie	1,055,822	1.32%
Xiamen Gaoli Zhongcheng	1,016,717	1.27%
Ziamen Gaoli Hezhong	909,180	1.14%
Raycloud Technology	814,596	1.02%
Jiangsu Zhanbo	493,939	0.62%
Xiamen Chengfeng Junhua	375,403	0.47%
Xiamen Jiayi Junde	50,103	0.06%
Total	80,000,000	100.00%

Repurchase of Shares by our Company and Capital Reduction

On 14 March 2024, our Company completed the repurchase of 3,667,000 Shares, representing approximately 4.58% of the issued capital before repurchase in our Company, from Xiamen Rongxin (the "**Repurchased Shares**") at a total consideration of RMB32,489,620, which was with reference to the historical transfer of shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin on October 2022. The repurchase of Shares from Xiamen Rongxin was principally conducted for the settlement of the loan due from Xiamen Rongxin to the Company in the aggregate amount of approximately RMB32.5 million. As at the Latest Practicable Date, all of the amounts due from our Controlling Shareholders had been settled and offset in full by way of repayment and reduction of share capital. For details of the loan, please refer to the section headed "Financial Information – Description of Selected Items of Consolidated Statements of Financial Position – Amounts due from related parties".

On 21 January 2024, all of the then shareholders of our Company resolved to cancel the Repurchased Shares and to reduce the share capital of our Company in the shareholders' meeting of our Company and entered into an agreement in relation to the reduction of share capital of our Company. On 14 March 2024, the registered capital of our Company was reduced from RMB80,000,000 to RMB76,333,000 by way of reduction in number of issued Shares. Immediately after the reduction, our Company's shareholding structure was as follows and remained unchanged immediately prior to the completion of the Global Offering:

Shareholders	Number of shares held by the Shareholders	Approximate percentage of shareholding held
Xiamen Rongxin	36,496,505	47.81%
Mr. Xu Kaiming	30,354,873	39.77%
Mr. Lin Huanan	2,514,909	3.29%
Mr. Xu Kaihe	2,250,953	2.95%
Mr. Yang Litie	1,055,822	1.38%
Xiamen Gaoli Zhongcheng	1,016,717	1.33%
Xiamen Gaoli Hezhong	909,180	1.19%
Raycloud Technology	814,596	1.07%
Jiangsu Zhanbo	493,939	0.65%
Xiamen Chengfeng Junhua	375,403	0.49%
Xiamen Jiayi Junde	50,103	0.07%
Total	76,333,000	100%

Our Subsidiaries

As at the Latest Practicable Date, we had four subsidiaries in the PRC, one subsidiary in Singapore, one subsidiary in Malaysia and one branch office located at Wuhan.

Xingbang Trade

Xingbang Trade was established as a limited liability company in the PRC on 19 October 2015, with an initial registered capital of RMB1 million. It is principally engaged in sales of our AIDC devices.

On 18 August 2016, (i) an Independent Third Party and Mr. Xu Kaiming entered into an equity transfer agreement for the transfer of 50% equity interest in Xingbang Trade to Mr. Xu Kaiming at a consideration of RMB0.5 million; (ii) an Independent Third Party and Mr. Xu Kaiming entered into an equity transfer agreement for the transfer of 45% equity interest in Xingbang Trade to Mr. Xu Kaiming at a consideration of RMB0.45 million; and (iii) an Independent Third Party and Mr. Wang Dongbo (王東波), a former employee of our Group, entered into an equity transfer agreement for the transfer of 5% equity interest in Xingbang Trade to Mr. Wang Dongbo at a consideration of RMB50,000. The consideration of the above equity transfers were based on the amount of registered capital of Xingbang Trade being transferred. Upon the completion of the equity transfer on 5 December 2016, Xingbang Trade was owned as to 95% by Mr. Xu Kaiming and 5% by Mr. Wang Dongbo, respectively.

On 18 December 2017, each of Mr. Xu Kaiming and Mr. Wang Dongbo entered into an equity transfer agreement with our Company for the transfer of their 95% and 5% equity interest in Xingbang Trade to our Company, at a consideration of RMB256,500 and RMB13,500, respectively. The consideration of the above equity transfers was based on the amount of registered capital of Xingbang Trade being transferred. Following the completion of the equity transfer on 20 December 2017, Xingbang Trade has been a direct wholly-owned subsidiary of our Company and its registered capital of RMB1 million remained unchanged up to the Latest Practicable Date.

IMachine

IMachine was established as a limited liability company in the PRC on 15 November 2017, with an initial registered capital of RMB5 million which remained unchanged up to the Latest Practicable Date. It is principally engaged in the sales of POS terminals and PDAs.

Rongta Trade

Rongta Trade was established as a limited liability company in the PRC on 15 December 2017, with an initial registered capital of RMB1 million, of which Mr. Xu Kaiming and Mr. Wang Dongbo were interested in 95% and 5%, respectively. It is principally engaged in the sales of our AIDC devices.

On 29 December 2017, our Company acquired 95% interest and 5% interest in Rongta Trade from Mr. Xu Kaiming and Mr. Wang Dongbo at a consideration of RMB0.95 million and RMB0.05 million, respectively, which was based the amount of registered capital of Rongta Trade being transferred. Since then, Rongta Trade has been a direct wholly-owned subsidiary of our Company. On 24 December 2019, Rongta Trade was renamed from Xiamen Wanfang Tianxia Trading Co., Ltd.* (廈門市萬方天下貿易有限公司) to Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司). Pursuant to a shareholder's resolution dated 19 February 2020, our Company would inject further capital into Rongta Trade and the registered capital of Rongta Trade was further increased to RMB10 million.

Rongta LiZhong

Rongta LiZhong was established as a limited liability company in the PRC on 4 March 2021, with an initial registered capital of RMB1 million, of which Rongta Trade was interested in the entire equity interest and remained unchanged up to the Latest Practicable Date. It is principally engaged in sales of our scales.

Rongta (SG)

Rongta (SG) was established as a private company limited by shares in Singapore on 20 January 2025, with an issued share capital of US$5,000,000, of which it is wholly owned by our Company and remained unchanged up to the Latest Practicable Date. It is principally engaged in wholesale, trade and investment holding. As at the Latest Practicable Date, Rongta (SG) had not commenced business operations.

Rongta (Malaysia)

Rongta (Malaysia) was incorporated as a private limited company by shares in Malaysia on 12 February 2025, with a total issued share capital of RM1.0, of which it is wholly owned by Rongta (SG) and remained unchanged up to the Latest Practicable Date. It is principally engaged in manufacturing of measuring, testing, navigating and control equipment, peripheral equipment and computers. As at the Latest Practicable Date, Rongta (Malaysia) had not commenced business operations.

PRC Legal Advisers' Confirmation

Our PRC Legal Advisers have confirmed that the corporate development and major shareholding changes of our Company and its subsidiaries, including but not limited to the increases and reduction in registered capital, equity transfers and share transfers, share repurchase, and our Company's conversion into joint stock company as described above had been properly and legally completed, all applicable regulatory approvals were obtained and have complied with all applicable PRC laws and regulations in all material aspects.

EMPLOYEE SHARE OWNERSHIP PLANS

In recognition of the contributions of our employees and to provide incentives that align the interests of our Company and employees, we have approved and adopted equity incentive schemes since 2017. As part of the arrangements under the equity incentive schemes, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng were established in the PRC as our employee shareholding platforms.

Xiamen Gaoli Hezhong was established as a limited partnership established in the PRC on 17 November 2017. Mr. Xu Kaiming is the sole general partner of Xiamen Gaoli Hezhong, holding 0.39% interests in Xiamen Gaoli Hezhong, and is responsible for its management. As at the Latest Practicable Date, Xiamen Gaoli Hezhong was owned by the limited partners as to 13.67% by Mr. Xu Kaihe, 10.29% by Mr. Fu Jianfang (傅劍芳) (a Supervisor), 8.05% by Ms. Chai Ling (柴菱) (a Supervisor), 7.86% by Mr. Hu Zunfa (胡遵法) (a secretary to the Board, a joint company secretary and a member of senior management of our Company), 7.78% by Ms. Lin Yanqin (林燕琴) (an executive Director), 6.28% by Ms. Lin Cheng (林成) (a member of the senior management of our Company), 6.13% by Mr. Chen Zhichuan (陳志川) (chief financial officer of our Company), 5.11% by Mr. Jiang Jingtao (江靜濤) (a Supervisor) and 34.44% by other 22 employees of our Group who were Independent Third Parties. None of the above partners holds more than 30% interests in Xiamen Gaoli Hezhong as at the Latest Practicable Date.

As at the Latest Practicable Date, Xiamen Gaoli Hezhong held 909,180 Shares, representing approximately 1.19% equity interest in our Company.

Xiamen Gaoli Zhongcheng was established as a limited partnership established in the PRC on 20 November 2018. Mr. Xu Kaihe is the sole general partner of Xiamen Gaoli Zhongcheng, holding 4.91% interests in Xiamen Gaoli Zhongcheng and is responsible for its management. As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng was owned by the limited partners as to 10.28% by Ms. Chai Ling (a Supervisor), 7.02% by Mr. Fu Jianfang (a Supervisor), 5.37% by Ms. Lin Yanqin (an executive Director), 4.51% by Mr. Hu Zunfa (a secretary to the Board, a joint company secretary and a member of the senior management of our Company), 4.00% by Ms. Lin Cheng (a member of the senior management of our Company), 3.88% by Mr. Jiang Jingtao (a Supervisor), 1.31% by Mr. Xu Kaiming, 0.51% by Mr. Chen Zhichuan (the chief financial officer of the Company), and 58.21% by other 25 employees of our Group who were Independent Third Parties. None of the above partners holds more than 30% interests in Xiamen Gaoli Zhongcheng as at the Latest Practicable Date.

As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng held 1,016,717 Shares, representing approximately 1.33% equity interest in our Company.

Voting arrangements of Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng

According to the respective partnership agreements, the general partners of Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng shall be responsible for the daily operation and management of the partnerships and therefore the general partners shall have control over the partnerships. For matters which concern the rights and responsibilities of the limited partners, each general and limited partner of the Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng shall have one vote for matters to be determined for the respective partnership at the partners' meeting and the matters shall be passed by a simple majority of votes. Matters involving a fundamental change of operational and management model and financial arrangement of the partnership shall be passed by a unanimous vote, which include:

(i) changing the name of the partnership;

(ii) changing the scope of business of the partnership and the location of the principal place of business;

(iii) disposing of the real estate of the partnership;

(iv) transferring or disposing of the intellectual property rights and other property rights of the partnership;

(v) providing guarantees for other persons in the name of the partnership; and

(vi) engaging persons other than the partners to manage the partnership.

As at the Latest Practicable Date, Xiamen Gaoli Zhongcheng held 1,016,717 Shares, representing approximately 1.33% equity interest in our Company.

For details of the employee share ownership plan, please refer to the section headed "Appendix VII – Statutory and General Information – E. Employee Share Ownership Plans" in this prospectus.

PREVIOUS A SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the ChiNext market of the Shenzhen Stock Exchange in the PRC (the "**A Share Listing Attempt**"). On 25 June 2021, our Company had engaged Sinolink Securities Co., Ltd. as tutoring agency (the "**Tutoring Agency**") to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. The Tutoring Agency filed six tutoring reports to the CSRC from time to time in respect of the progress of its preliminary guidance and tutoring services in accordance with the relevant CSRC guidelines on our major operational and financial condition, corporate governance and internal control measures. The engagement of the Tutoring Agency had been terminated in April 2023. Our Directors confirm that, which our PRC Legal Advisers concur, the tutoring reports filings did not contain any material information which has to be brought to the attention of the Stock Exchange and potential investors and the CSRC did not raise any comments in respect of the tutoring reports and the A Share Listing Attempt. As advised by our PRC Legal Advisers, submission of the tutoring reports did not constitute a formal listing application and no formal listing application had been made to any stock exchange in the PRC.

Having considered that (i) the number of the enterprises that were undergoing the tutoring arrangement in Xiamen at the material time which may impose uncertainties with respect to the timetable for completing the A share listing; (ii) the Stock Exchange, as a leading player of the international financial markets, could offer us direct access to tap in the international capital markets and broaden our Shareholders base; and (iii) the Listing will further raise our corporate governance, brand awareness and business profile, our Directors decided to apply for a listing on the Stock Exchange. Our Directors confirm that the Company has no dispute or disagreement with the Tutoring Agency, and they are not aware of any other matters that need to be brought to the attention of the Stock Exchange and potential investors.

Based on the due diligence work conducted by the Sole Sponsor including, among others, (i) conducting interviews with Mr. Xu Kaiming, the executive Director, chairman of the Board, president and general manager, and the professional parties engaged in connected with the A Share Listing Attempt, (ii) reviewing the engagement letters and termination letters of the professional parties engaged in connected with the A Share Listing Attempt, and (iii) discussing with the PRC legal advisers as to the Sole Sponsor to understand the applicable PRC rules and regulations in relation to the A Share Listing Attempt and the termination procedure of the professional parties, the Sole Sponsor confirms that it is not aware of any dispute or disagreement between the Company and the Tutoring Agency, and nothing in relation to the A Share Listing Attempt should be brought to the attention of the Stock Exchange and potential investors.

PRE-IPO INVESTMENTS

Principal terms of the Pre-IPO Investments

Between April 2021 to December 2021, our Company obtained several rounds of investments from the Pre-IPO Investors through subscriptions for increased registered capital of our Company. The following table summarises the principal terms of the Pre-IPO Investments to our Company made by the Pre-IPO Investors:

Name of investors	Raycloud Technology	Xiamen Yijiayi, Xiamen Shangzhi Lianyao, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde	Xiamen Yijiayi and Xiamen Chengfeng Junhua
Date of investment agreements and supplemental investment agreements (if any)	11 April 2021, 12 April 2021 and 24 December 2021	6 May 2021 and 27 December 2021	8 December 2021
Number of Shares subscribed/acquired	333,300	Xiamen Yijiayi: 1,290,300 Xiamen Shangzhi Lianyao: 381,500 Jiangsu Zhanbo: 202,100 Xiamen Chengfeng Junhua: 30,700 Xiamen Jiayi Junde: 20,500	Xiamen Yijiayi: 148,500 Xiamen Chengfeng Junhua: 122,900
Amount of consideration paid	RMB6 million	Xiamen Yijiayi: RMB25,200,000 Xiamen Shangzhi Lianyao: RMB7,450,000 Jiangsu Zhanbo: RMB3,947,100 Xiamen Chengfeng Junhua: RMB600,000 Xiamen Jiayi Junde: RMB400,000	Xiamen Yijiayi: RMB2,900,000 Xiamen Chengfeng Junhua: RMB2,400,000
Date of which investment was settled	8 May 2021	10 June 2021	23 December 2021

Approximate investment cost per Share	RMB18.00 (equivalent to approximately HK$19.48)	RMB19.53 (equivalent to approximately HK$21.14)	RMB19.53 (equivalent to approximately HK$21.14)
Discount to the Offer Price *(Note 1)*	Representing a discount of approximately 47.6% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus) *(Note 3)*	Representing a discount of approximately 39.6% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus)	Representing a discount of approximately 38.7% to the Offer Price of HK$11.00 per H Share (being the mid-point of the Offer Price range stated in this prospectus)
Post-money valuation of our Company	RMB546.1 million	RMB629.8 million *(Note 2)*	RMB639.2 million *(Note 2)*
Special rights	N/A	N/A	N/A

Lock-up period

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) of our Company could not dispose of any of the Shares held by them.

Pursuant to each of the Pre-IPO Investment, the Pre-IPO Investors had undertaken not to dispose of the Shares within 6 months from the date of Listing.

Use of proceeds

The proceeds will be utilised to fulfil normal operation needs of the Company, supplement general working capital of the Company or such purposes to be unanimously agreed by all shareholders of the Company . As at the Latest Practicable date, the proceeds from the Pre-IPO investments had been fully utilised.

Strategic benefits to our Company

Our Directors are of the view that (i) our Group can benefit from the Pre-IPO Investors' commitment to our Group and their investment demonstrate their confidence in the operation of our Group and serves as an endorsement of our Group's performance and prospect; and (ii) the acquisition of shares of our Company by the Pre-IPO Investor from other minority shareholders of our Company could facilitate the Listing and our Reorganisation by providing opportunities for the then existing Shareholders who do not wish to participate in the Listing to exit.

Notes:

1. The amount is calculated based on the post-money valuation for each Pre-IPO Investment divided by the market capitalisation of our Company upon listing minus one.

2. The valuations of each Pre-IPO Investments are separately negotiated between the relevant parties, through arm's length negotiations and based on various factors such as business prospects of our Group, market condition, market price-to-earnings ratio of comparable companies and previous valuations at the relevant time.

Approximate percentage of shareholding held by the Pre-IPO Investor(s) immediately after the Pre-IPO Investment	1.10%	5.97%[1]	4.86%[2]
Approximate percentage of the Pre-IPO Investor(s) upon Listing[3]	0.80%	0.90%[1]	0.37%[2]

Notes:

1. Each of Xiamen Yijiayi and Xiamen Shangzhi Lianyao sold their equity interest in our Company to Xiamen Rongxin in October 2022 and no longer held any interest in our Shares as at the Latest Practicable Date. Please refer to the paragraph headed "Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this section for details of their transfers. As such, the shareholding held by the Pre-IPO Investor(s) upon Listing refers to that held by Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde in aggregate upon Listing and the discount to the Offer Price is calculated with reference to that of Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde only.

2. Xiamen Yijiayi sold its equity interest in our Company to Xiamen Rongxin in October 2022 and no longer held any interest in our Shares as at the Latest Practicable Date. Please refer to the paragraph headed "Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this section for details of their transfers. As such, the shareholding held by the Pre-IPO Investor(s) upon Listing refers to that held by Xiamen Chengfeng Junhua upon Listing and the discount to the Offer Price is calculated with reference to that of Xiamen Chengfeng Junhua only.

3. Without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

Information about the Pre-IPO Investors

Raycloud Technology

Raycloud Technology is a joint stock company with limited liability established in the PRC on 29 August 2013, and is listed on the Sci-tech Innovation Board of the Shanghai Stock Exchange (stock code: 688365). It is principally engaged in the provision of SaaS (Software as a Service) products and value-added products and services such as supporting hardware and operation services to e-commerce platform operators. During the Track Record Period, our Company sold its products to two of the group companies of Raycloud Technology (the "**Raycloud Technology Group**") and Raycloud Technology Group was one of our Company's top five customers for each of FY2022, FY2023 and FY2024.

Xiamen Yijiayi

Xiamen Yijiayi is a limited liability company established in the PRC on 22 December 2020. As at the Latest Practicable Date, it was owned as to 99% by Mr. Weng Yingjia (翁英加) and 1% by Mr. Weng Zhenzuo (翁振作). It is principally engaged in investment activities. To the best of the knowledge, information and belief of our Directors, Xiamen Yijiayi, Mr. Weng Yingjia and Mr. Weng Zhenzuo are Independent Third Parties.

Xiamen Shangzhi Lianyao

Xiamen Shangzhi Lianyao is a limited liability company established in the PRC on 5 July 2011. As at the Latest Practicable Date, it was owned as to 80% by Mr. Hu Dawei (胡大偉) and 20% by Ms. Hu Xiuqing (胡秀清). It is principally engaged in construction design. To the best of the knowledge, information and belief of our Directors, Xiamen Shangzhi Lianyao, Mr. Hu Dawei and Ms. Hu Xiuqing are Independent Third Parties.

Jiangsu Zhanbo

Jiangsu Zhanbo is a limited liability company established in the PRC on 26 April 2021. As at the Latest Practicable Date, it was owned as to 98% by Mr. Pan Baogang (潘保剛) and 2% by Ms. Yuan Lanfang (袁蘭芳). It is principally engaged in technical services and development. To the best of the knowledge, information and belief of our Directors, Jiangsu Zhanbo, Mr. Pan and Ms. Yuan are Independent Third Parties.

Xiamen Chengfeng Junhua

Xiamen Chengfeng Junhua is a limited liability company established in the PRC on 11 March 2021. As at the Latest Practicable Date, it was owned as to approximately 98% by Mr. Yang Jundu (楊俊犢) and 2% by Mr. Wang Maodan (王毛旦). It is principally engaged in the provision of supply chain management services. To the best of the knowledge, information and belief of our Directors, Xiamen Chengfeng Junhua, Mr. Yang and Mr. Wang are Independent Third Parties. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners.

Xiamen Jiayi Junde

Xiamen Jiayi Junde is a limited liability company established in the PRC on 18 March 2021. As at the Latest Practicable Date, it was owned as to 98% by Mr. Yang Jundu (楊俊犢) and 2% by Mr. Wang Maodan (王毛旦). It is principally engaged in the provision of business management consulting services. To the best of the knowledge, information and belief of our Directors, Xiamen Jiayi Junde, Mr. Yang and Mr. Wang are Independent Third Parties. Xiamen Jiayi Junde and Xiamen Chengfeng Junhua have the same ultimate beneficial owners.

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application in relation to the Listing to the Stock Exchange; and (ii) the special rights granted to the Pre-IPO Investors have been terminated or will cease to be effective and be discontinued upon the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants on pre-IPO investments issued by the Stock Exchange.

PUBLIC FLOAT

Upon completion of the Global Offering and the conversion of the Domestic Shares into H Shares, 76,333,000 Domestic Shares will be converted into H Shares and listed on the Stock Exchange. Upon completion of the Global Offering and the conversion of Unlisted Shares into H Shares, the H Shares held by certain of our Shareholders, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

- Xiamen Rongxin is one of our Controlling Shareholders and the 36,496,505 H Shares held by it will not be counted towards the public float;

- Mr. Xu Kaiming is one of our Controlling Shareholders and our executive Directors and the 30,354,873 H Shares held by him will not be counted towards the public float;

- Mr. Xu Kaihe is one of our Controlling Shareholders and our executive Directors and the 2,250,953 H Shares held by him will not be counted towards the public float;

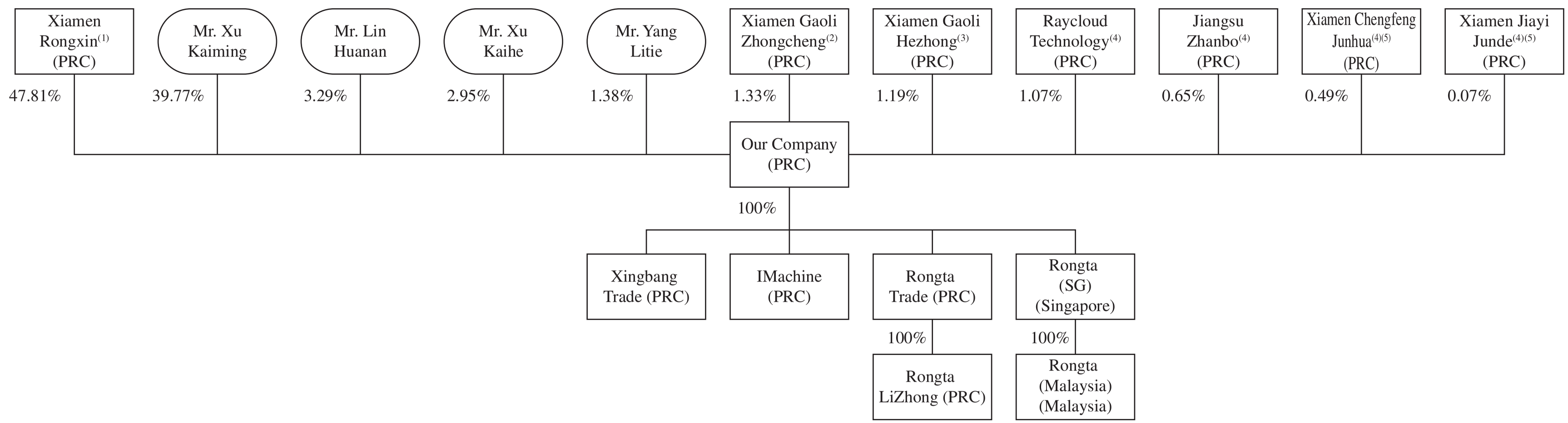
- Xiamen Gaoli Zhongcheng is an employee shareholding platform controlled by Mr. Xu Kaihe, being a general partner of Xiamen Gaoli Zhongcheng and therefore the 1,016,717 H Shares held by Xiamen Gaoli Zhongcheng will not be counted towards the public float; and

- Xiamen Gaoli Hezhong is an employee shareholding platform controlled by Mr. Xu Kaiming, being a general partner of Xiamen Giaoli Hezhong and therefore the 909,180 H Shares held by Xiamen Gaoli Hezhong will not be counted towards the public float.

To the best knowledge of our Director, save as disclosed above, upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised) and conversion of Domestic Shares into H Shares, 23,704,772 H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately 25.02% of our total issued Shares, will be counted towards the public float, which is in compliance with the requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure as at the Latest Practicable Date and immediately before completion of the Global Offering:



Notes:

1. Xiamen Rongxin is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe.

2. Xiamen Gaoli Zhongcheng is an employee shareholding platform of our Group and Mr. Xu Kaihe is the sole general partner of the partnership.

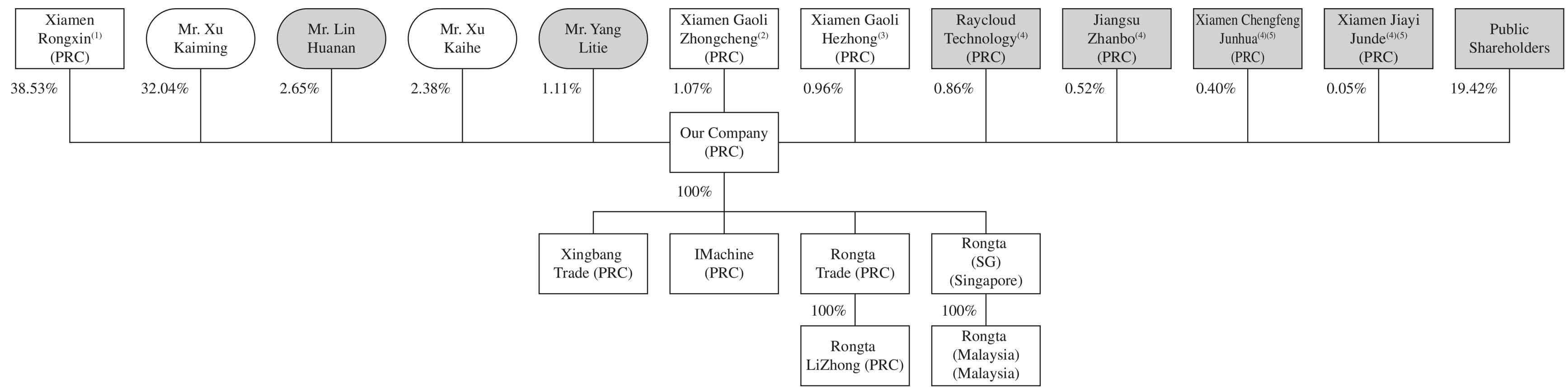
3. Xiamen Gaoli Hezhong is an employee shareholding platform of our Group and Mr. Xu Kaiming is the sole general partner of the partnership.

4. For details of the shareholders of Raycloud Technology, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

5. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners. For details, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate structure immediately after the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes:

1. Xiamen Rongxin is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe.

2. Xiamen Gaoli Zhongcheng is an employee shareholding platform of our Group and Mr. Xu Kaihe is the sole general partner of the partnership.

3. Xiamen Gaoli Hezhong is an employee shareholding platform of our Group and Mr. Xu Kaiming is the sole general partner of the partnership.

4. For details of the shareholders of Raycloud Technology, Jiangsu Zhanbo, Xiamen Chengfeng Junhua and Xiamen Jiayi Junde, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

5. Xiamen Chengfeng Junhua and Xiamen Jiayi Junde have the same ultimate beneficial owners. For details, please refer to the paragraph headed "Pre-IPO Investments – Information about the Pre-IPO Investors" in this section.

6. Shareholders shaded in grey denotes shares held in public hands.

7. Save and except the Shareholders who subscribed for Shares under the Global Offering, all other Shareholders are subject to a lock up period of 12 months following the Listing Date as required by applicable PRC laws.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of printing equipment, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like IoT technology, cloud-based printing and AI integration. In addition to our ability to provide customised products tailored to our customers' specific requirements, as at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. During the Track Record Period, our products were sold to over 140 countries.

Our Group was founded in 2010 focusing on developing specialty printers such as receipt printers and barcode label printers for the retail industry. These printers aim at streamlining sales process, improving customer experience and reducing error in handling retail transactions. Based on market research or customers' request, we also identified market needs in other industries, including logistics, warehousing and manufacturing industries. The market size of the global specialty printer increased from US$2.4 billion in 2018 to US$2.9 billion in 2023, representing a CAGR of 3.9% and is expected to grow at a CAGR of 3.8% from 2024 to 2028 with sustained growth of the retail industry in terms of sales value, according to Frost & Sullivan. Leveraging our solid foundation and market position, we believe that we will be able to seize the market growth and opportunity in the global specialty printer market.

Meanwhile, we started to expand our size of operation by extending our product offering to scales. There has been a significant increase in demand for efficient automated retail solutions including AIDC system in recent years, driven by favourable market drivers including growing retail sales of fast-moving consumer goods and increasing adoption of automation and digitalisation in retail settings. Based on our expertise in printing technology, we have expanded our business to the scale market since 2015.

Through years of operation, we have established ties with customers in retail, catering, logistics, warehousing, manufacturing and hospitality industries. We have expanded our business to POS terminal and PDA market since 2018 as we noticed the market demand for, among others, digitalisation of transaction process, store management and inventory tracking. We developed POS terminals with built-in printing modules, cameras, and NFC readers in response to customers' specific requests, among others, in automation, reduction in operation costs, data management and transaction management for application in a variety of sectors. Our specialty printers and PDAs also allow users in logistics, warehousing and manufacturing industries to track real-time inventory location and status, manage packages by printing and tracking labels and barcodes and centralise data management and analysis.

We are dedicated to continuing our expansion in designing and developing new and advanced AIDC devices and solutions through industry diversification. In 2020, we expanded to the education industry and collaborated with Customer Group A, a smart education device provider engaging in the sales of a leading brand of portable study printers in the PRC, to develop portable study printers equipped with Optical Character Recognition (OCR) text recognition and text editing functions, which are designed for students to access study materials and prepare study exercises and notes. We are one of the primary suppliers to Customer Group A, and according to Frost & Sullivan, we recorded a market share of 13.9% in terms of production value in the supply of portable study printers in the PRC in 2023. In 2022, we started to manufacture and sell AI scales with AI visual product recognition technology, enabling users to recognise and weigh retail products automatically, instantly and accurately in supermarkets and print price labels efficiently. In 2023, we diversified to the medical industry by producing the medical wristband label printer, which is an antibacterial printer equipped with the feature of NFC out-of-paper auto detection to print high frequency RFID wristband for patients. Furthermore, in an effort to extend our presence to the environmental industry, in 2023, we developed the hazardous waste label printer, which can connect to the national or local hazardous waste treatment platform to print labels with specific hazardous sign.

Over years of operation, we have developed capability to design and develop customised products in response to our customers' specific requests and needs, which allows our products to be applied in a variety of sectors, including retail, education, catering, logistics, warehousing, manufacturing, medical, environmental and other industries. Our business model is a combination of sales of standardised "RONGTA" and "iMACHINE" branded products and sales of customised products, both domestically and internationally. We believe that our comprehensive product offering is able to provide one-stop AIDC solutions and facilitates digital upgrade of our customers' businesses. The global AIDC devices market by sales value increased from US$60.8 billion in 2018 to US$90.1 billion in 2023 at a CAGR of 8.2%, continuously driven by the rising demand for personalised shopping experiences, the need for real-time inventory management, and the growing trend of online-to-offline retail, according to Frost & Sullivan. Drawing upon our robust groundwork and market position, we are confident in our ability to continuously capitalise on the market expansion and opportunities within the global AIDC devices market.

Our in-house R&D capabilities provide a solid foundation for our business development, enabling us to cater to the needs of our diverse customer base and meet a wide range of product and industry applications. Our R&D team plays a vital role in driving both horizontal and vertical growth of our products, ensuring that we are capable of promptly responding to any market needs we identify. As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities, including the iF Design Award and the Red Dot Design Award, two world-renowned product design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property

Enterprise (國家級知識產權優勢企業) by the China National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部).

In addition, our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation; and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024. During the Track Record Period and up to the Latest Practicable Date, we had been continuously making efforts on managing and optimising the network with our customers.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. Our adjusted net profit (non-IFRS measure) amounted to RMB45.6 million, RMB36.2 million and RMB49.6 million for FY2022, FY2023 and FY2024, respectively.

COMPETITIVE STRENGTHS

Established Specialty Printer Provider Well Positioned to Leverage the Growth Potential in the AIDC Devices and Solutions Market

Since our inception in 2010, we have grown to become an established specialty printer provider in the PRC well positioned to leverage the growth potential in the AIDC devices and solutions market. We focus on providing AIDC devices and solutions to streamline the operations of our retail business customers in various industries and scenarios, so as to optimise their sales processes, improve efficiency and reduce errors. According to Frost & Sullivan, we are the ninth largest player in the specialty printer market in the PRC in terms of revenue in 2023 with a market share of 1.8%. We also have a global sales network with sales to over 140 countries. For FY2022, FY2023 and FY2024, approximately 45.4%, 45.5% and 47.1% of our revenue are generated from regions other than the PRC, respectively. We believe that with our firm foundation as an established speciality printer provider, we are able to capitalise on the expanding opportunities within the AIDC devices and solutions market.

We are capable of offering comprehensive product offerings of AIDC devices of different designs and functionalities such as IoT technology, cloud-based printing and AI integration. Our products are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, medical, hospitality and environmental industries. Further, we are able to provide integrated and customised services including product development, raw materials procurement, production, quality control, packaging, delivery and after-sales services to our customers. Our deep understanding of the industry development trend supported by our independent R&D capabilities allow us to launch products and solutions which meet the specific demands of our customers. Leveraging on our industry proven capabilities as well as our market insights acquired through our prolonged business relationships with our major customers across the globe, we are able to grasp market opportunity and adjust our product development efforts as and when appropriate to consolidate our established market position in the industry.

With over 13 years of operating history, we have developed a unique set of production know-hows to optimise the quality, functionality, appearance and price of our products that have captured the loyalty of our customers.

R&D Capabilities with Wide Recognition in the Industry

We focus on carrying out independent R&D to cope with the fast-changing demands of our customers amid constant technological advancement in the industry. Our R&D capabilities have enabled us to cater to the needs of a diverse customer base and meet a wide range of product applications. As at 31 December 2024, we had a total number of 123 R&D and technical personnel. More than 85% of our R&D and technical staff attained tertiary education or higher in relevant disciplines such as computer science, industrial design and electronic engineering. We have established an R&D centre in Wuhan, the PRC to foster a diverse pool of talent with expertise in electronic technology and computer-related disciplines. Our Wuhan R&D centre specialises in software development for our AIDC devices and works in close collaboration with our remaining R&D team based in the New Xiamen Base. Our R&D team is led by Mr. Xu Kaihe, our executive Director and senior vice president, who has over 18 years of relevant experience in the electronic technology industry. Under the leadership of Mr. Xu Kaihe, we have not only earned the trust of our customers through our initial focus on R&D of specialty printers, but also successfully expanded our product offering to encompass scales, POS terminals and PDAs, thereby meeting the evolving needs of our diverse clientele. With our solid R&D capabilities, we are able to provide high-quality designs and products to ride on the latest market trends, as well as deliver tailor-made product development services for our customers who require customised products.

As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities in recognition of our R&D contribution, which include the iF Design Award and the Red Dot Design Award, two world-renowned product design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property Enterprise (國家級知識產權優勢企業) by the China National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部). Please refer to the paragraph headed "Awards and Recognition" in this section for further details.

Established and Diversified Customer Base Across the Globe

We have strived to strengthen and develop our customer base since our establishment. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. We sold our products to over 1,500 customers across the globe in FY2024. We served customers from diverse industries encompassing, among others, retail, education, catering, logistics, warehousing, manufacturing, medical and hospitality. For each of FY2022, FY2023 and FY2024, our revenue from our top five customers amounted to approximately RMB164.7 million and RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period. We have developed stable relationships with our top five customers for the Track Record Period ranging from two to eight years. Having a diverse customer base spread across different geographical locations not only allows us to diversify our risks from over-reliance on a single market or customer, but also helps increase our brand awareness and visibility.

The group companies of both (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024. Partnering with reputable companies has not only provided us with a stable source of revenue, but also increased our brand recognition. As a result, we have been able to establish ourselves as a trusted and reliable AIDC devices and solutions provider, building a loyal customer base and expanding our market share.

Comprehensive and Effective Quality Control

We place top priority on the quality of our products. As such, we have developed and implemented stringent quality control to ensure that every stage of our production adheres to our high quality standards. Our key quality control measures cover quality check on inspection of raw materials, quality inspections of each production key step of our production process, quality check of finished products, out-of-box quality inspection of packaged products, and on-going reliability test (ORT). For details, please refer to the paragraph headed "Business – Quality Control and Management" in this prospectus.

Our quality management system has been certified to ISO 9001:2015 since August 2016. We have also engaged independent product testing and certification organisations to test and certify our products on the relevant standards of the relevant geographical location of sales, such as the certification by Federal Communications Commission (FCC) in the United States, CE mark in Europe and Bureau of Indian Standards in India, which are leading product safety and quality standards in the respective market. We believe these certifications signify our commitment to pursue excellence in our quality control standards, which we believe is fundamental to our customers' loyalty and confidence to our products. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product liability or legal claims on our products, nor did we experience any material complaint, product recalls, exchange or sales returns.

Visionary and Competent Management Team

Our visionary and competent management team has been and will continue to be crucial to the management and success of our business. The management of our Group is led by Mr. Xu Kaiming, the co-founder of our Group, the chairman of the Board, the general manager of the Company, the president of the Group and an executive Director, who has over 14 years of industrial and managerial experience in the AIDC devices industry and has been guiding the overall strategic planning and business development of our Group. Mr. Xu Kaihe, the co-founder of our Group and an executive Director, has over 18 years of experience in the electronic technology industry and has been leading our overall R&D. Other core members of our management team have expertise in different aspects such as electronic technology, product engineering, business administration, and international economics and trade.

The experience and industry knowledge of our management team would allow us to have a comprehensive understanding of the market conditions of the AIDC devices and solutions industry and to operate our business. Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for details of the biographies of our management team.

BUSINESS STRATEGIES

Continue to Enhance Our Market Position by Expanding Our Product Portfolio and Strengthening Our R&D Capabilities

We believe that continuous expansion in high quality and advanced product portfolio is crucial in enhancing our market position and contributing to our long term growth and success. The AIDC devices and solutions industry is highlighted by rapid technological innovation, evolving industry standard and robust changing client requirements. Accordingly, our ability to respond to the fast changing technological world and improvement in market know-how is key to maintaining our competitive edge. We plan to catch up with industry trends and to provide up to date and competitive products and services to the market. More specifically, we plan to design and develop products equipped with advanced technology, for example, (i) cloud-based printing integrated with advanced payment method; (ii) AIDC devices compatible with various systems, including public or authoritative systems; (iii) portable study printers with various applications and functionality; and (iv) medical devices with instant AI printing technology. Leveraging our existing R&D projects, we believe that we are able to provide a higher level of product or industry customisation and product enhancement for our customers to address their needs.

Specifically, we plan to establish new R&D activities and projects with new R&D initiatives by establishing a new R&D centre, introducing R&D equipment and software and recruiting professional R&D talents to provide technical support for product and software development and upgrade. We plan to conduct more than 20 R&D projects in the new Wuhan R&D centre in the next three years. For details, please refer to the paragraph headed "R&D" in this section. Furthermore, we plan to collaborate with universities and research institutions in Wuhan to conduct specialised research. We believe that establishing a new R&D centre in Wuhan will be advantageous and have strategic importance to the Group considering, among others, (i) the talent pool in Wuhan in view of the presence of prestigious universities and research institutions, nurturing skilled graduates and technicians and fostering a strong R&D ecosystem; (ii) the demand for AIDC devices across industries such as logistics, retail, manufacturing and healthcare exhibited in Wuhan and its surround areas; (iii) Wuhan's location as a transportation hub in central China which facilitates technical exchanges and collaborations with other regions domestically and internationally; and (iv) the support from Wuhan government for R&D projects such as funding, tax incentives and talent attraction policies. Our current Wuhan R&D centre is relatively small in scale and has limited capacity to accommodate our growing number of R&D projects and staff. We expect to select premises in the third quarter of 2025 based on factors including but not limited to a minimum site area of 2,000 sq.m., availability of specialised facilities, proximity to research and educational institutions, access to established industrial clusters and convenient transportation access. The new Wuhan R&D centre, which is expected to commence operation in the fourth quarter of 2025, would assist us in attracting and retaining R&D talent with specialised knowledge in areas such as data analytics, artificial intelligence, and software development expertise. By expanding our R&D team, we aim to enhance our technical expertise, increase our capacity for innovation and accelerate the development of advanced AIDC products and solutions.

Strengthen Our Production Efficiency and Effectiveness

According to Frost & Sullivan, the manufacturing industry has seen a change in supply chain in recent years. Attributable to the growing availability of skilled labour and lower production cost, the Southeast Asia has become an additional option of electronics production locations and taking up a share of electronics manufacturing from the PRC. To support the overseas expansion and international sales of our business while minimising our production costs as well as providing flexibility in our production planning and logistics, we plan to enhance our production efficiency and effectiveness by building and investing in a new production centre in Malaysia. We have leased premises in Malaysia and expect to commence production in Malaysia in the second quarter of 2025. The establishment of a new production centre in Malaysia is mainly driven by the strategic need to serve the growing demand for AIDC devices in the Southeast Asian market and to achieve cost savings by enhancing automation in our production, as well as allocating our purchase orders between our New Xiamen Base and new production centre in Malaysia to mitigate geopolitical risk. In selecting the location for the new production centre, our Company considered that (i) Southeast Asia offers strategic proximity to our markets and customers in the Asia-Pacific region, which will reduce lead times and transportation costs; (ii) Malaysia offers competitive land and labour costs; and (iii) the region has well-developed logistics infrastructure including proximity to major ports and airports, which will enhance our supply chain efficiency. More specifically, we plan to develop new production lines to manufacture our AIDC devices by relocating some of our production management team to oversee its operation, as well as recruiting local workers for labour-intensive production process. We further plan to acquire advanced machinery and equipment with higher automation level to lower labour cost while ensuring consistent product quality and enhancing production efficiency and effectiveness.

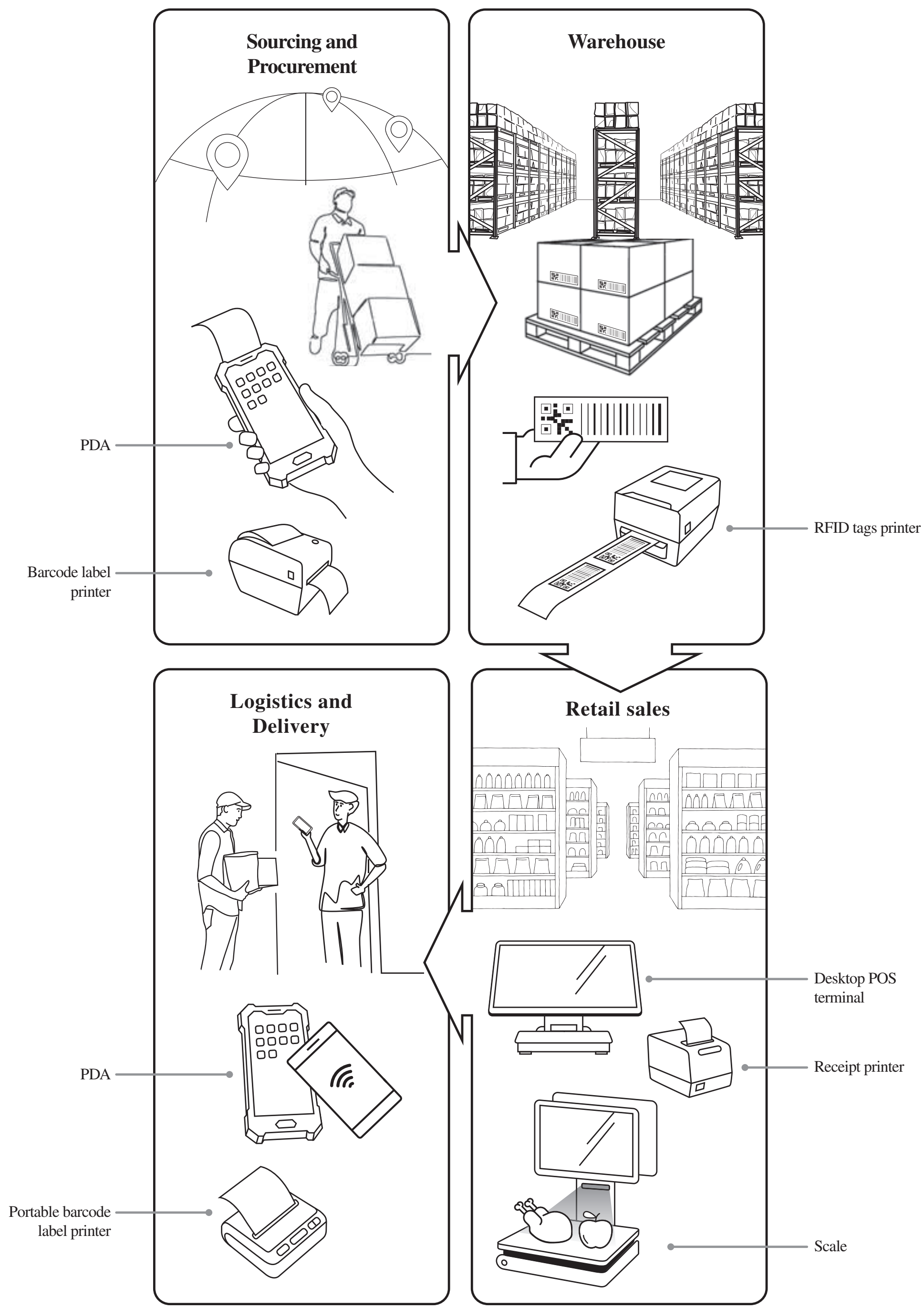
Enhance Our International Presence and Increase Our Market Shares in Key International Markets

We will explore opportunities to increase our sales in key international markets and expand our sales and distribution channels by establishing new overseas sales offices in area with strong growth opportunities. We plan to expand our business operation and enhance our international presence by setting up overseas offices in the U.S., Germany, Singapore and the United Arab Emirates. We plan to recruit overseas sales and marketing staff for overseas sales, market research, local market needs identification and after-sale services to diversify our sales channels and improve our overseas sales and after-sale services, allowing us to better serve our existing customers and tap into new business opportunities. We further plan to maintain good relationship with our existing distributors and explore the opportunities working with new distributors and customers, to expedite product penetration in international markets. Furthermore, we recognise the importance of showcasing our products and solutions on a global platform. To promote our brand names overseas, we intend to participate in over 20 prominent international exhibitions and trade fairs in the next three years.

OUR PRODUCTS

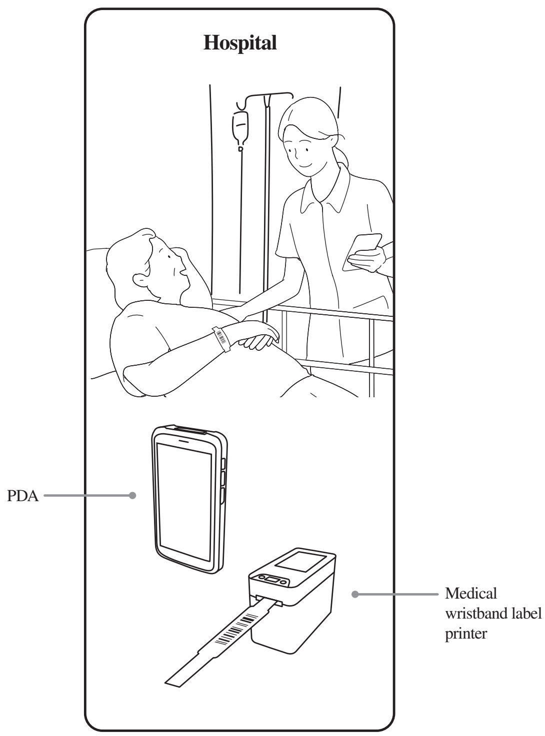
AIDC devices, including our products, are products applied to automatically identify objects, collect data and transmit data into systems that are widely used in various industries. For illustrative purpose, the following chart sets out how our products are currently applied in a typical retail scenario:

Commercial sector

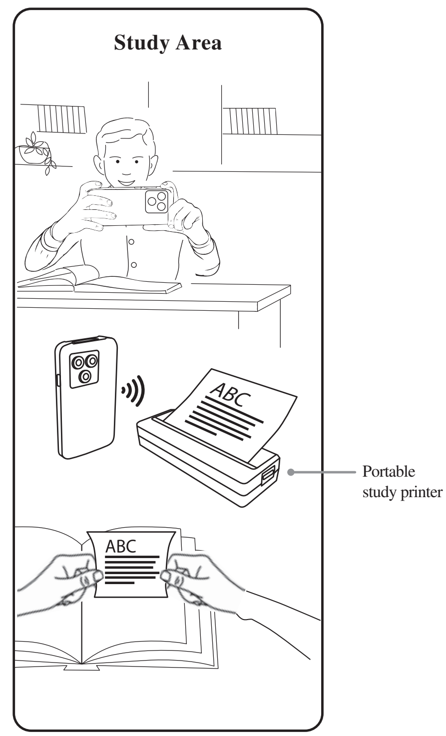


We provide AIDC devices and solutions not only in retail scenario, but also in education, medical and other industries. For illustrative purpose, the following charts set out the application of our products in typical education and medical scenarios:

Medical sector



Education sector



During the Track Record Period, we primarily engaged in the production and sales of printing equipment, scales, POS terminals and PDAs:

1. **Printing equipment** – We offer a range of thermal printing specialty printers including receipt printers, barcode label printers and panel printers, as well as printing modules of various sizes and capacities. Our printing equipment is designed to meet the needs of various industries, including retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment industries. Our printing equipment plays a critical role in the AIDC ecosystem by serving as the output source for data identified, captured, and processed by other AIDC devices. They transform processed data into tangible outputs such as receipts, labels, and barcodes, enabling seamless integration with business operations across various industries.

2. **Scales** – Scales are commonly used in retail transactions by businesses such as grocery stores, supermarkets and postal offices to accurately measure the weight of goods or products being sold or purchased. Most models of our scales are equipped with built-in printers, allowing users to weigh products and print receipts or barcodes for the transactions. Our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information.

3. **POS terminals and PDAs** – POS terminals are electronic systems used to effect transactions at the point of sale. They are equipped with built-in printers and NFC readers and they integrate AIDC technologies such as barcode scanning to facilitate electronic payment. They are commonly used in the retail industry to handle electronic payment transactions, and are also widely used in other scenarios, such as restaurants, hotels, supermarkets and convenience stores. PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They are also equipped with built-in printing capabilities, cameras for code scanning, and NFC readers, and are more commonly used in inventory tracking and store management to manage data in relation to inventory, delivery, assets, security and logistics, and can significantly increase efficiency and accuracy by reducing processing time, labour and human error.

In addition to the above, we also (i) sell accessories and other purchased products such as control boards, power cords and thermal paper to cater for the specific needs of our customers from time to time; (ii) provide product development and tooling services, where we generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications; and (iii) arrange independent product testing and certification organisations such as laboratories accredited by China National Accreditation Service (CNAS) or authorised by Bureau of Standards, Metrology and Inspection (BSMI) and China Radio Management Centre to apply for the relevant certifications for our customised products as per the request of our customers according to the product standards and certification requirements as a mandatory requirement of their respective geographical location of sales, including Federal Communications Commission (FCC) certificate, and National Type Evaluation Program (NTEP) Certificate of Conformance in the United States; CE mark and International Organization of Legal Metrology (OIML) Certificate in Europe; and China Compulsory Certification (CCC) and Pattern Approval Certificate for Measuring Instruments the PRC. We generally charge service fees for the arrangement of certification services by adopting a cost-plus pricing method.

The replacement cycle and frequency of our products depend on a number of factors such as the working conditions, frequency of use, specific usage, and regular inspection and maintenance conducted by the customers. Generally, our printing equipment, scales, POS terminals and PDAs have an expected lifespan of approximately one to three years, two to five years, one to three years and three to five years, respectively.

The following table sets out a breakdown of our revenue by product and service segment and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	304,408	77.4	261,082	74.9	243,373	69.5
Scales	35,761	9.1	47,250	13.5	53,087	15.2
POS terminals and PDAs	23,583	6.0	16,497	4.7	33,564	9.6
Accessories and other purchased products	25,591	6.5	15,333	4.4	17,849	5.1
Others *(Note)*	3,930	1.0	8,587	2.5	2,189	0.6
Total	393,273	100.0	348,749	100.0	350,062	100.0

Note: Others mainly comprised tooling and provision of development and certification services.

The table below sets out the sales volume, average selling price and price range of our products during the Track Record Period:

	FY2022			FY2023			FY2024		
	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range
	(thousand pieces)	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*
Printing equipment	**1,631**	**187**	**10–7,528**	**1,241**	**210**	**13–4,188**	**1,276**	**194**	**14–7,221**
– Receipt printers	501	233	53–7,528	440	258	53–3,453	482	196	52–960
– Barcode label printers	235	273	52–5,694	400	207	55–4,188	485	213	52–7,221
– Portable study printers	572	153	53–565	340	178	53–649	265	165	14–592
– Printing modules and other printers	323	111	10–613	61	73	13–962	45	69	53–803
Scales	**30**	**1,191**	**601–5,892**	**33**	**1,390**	**230–10,013**	**42**	**1,283**	**155–4,711**
– AI scales	22	1,323	885–5,442	23	1,489	726–10,013	29	1,415	619–4,711
– Conventional scales	9	854	601–5,892	10	1,309	230–5,239	13	997	155–4,700
POS terminals and PDA	**15**	**1,572**	**235–6,991**	**11**	**1,532**	**235–4,698**	**22**	**1,525**	**389–4,698**
– POS terminals	15	1,572	235–6,991	9	1,523	235–3,814	16	1,630	389–4,308
– PDA	0.3	1,571	874–3,543	2	1,392	692–4,698	6	1,244	706–4,698
Accessories and other purchased products	**1,463**	**17**	**0.01–2,938**	**861**	**18**	**0.01–4,573**	**3,339**	**5**	**0.01–3,777**
– Parts	459	44	0.07–1,923	235	55	0.49–4,573	228	60	0.12–3,777
– Raw materials and other purchased products	1,004	5	0.01–2,938	626	4	0.01–3,097	3,111	1.3	0.01–3,031

Printing Equipment

We offer different types of thermal printing specialty printers including receipt printers, barcode label printers and panel printers. Receipt printer is a tool to facilitate and handle customer transactions through producing customers receipts and credit card slips and other related documents during a sales transaction at the point of sale and operation. In general, the receipt printer is connected to a POS terminal and it is designed to efficiently and accurately print receipts to be delivered to customers as well as the invoice itself to keep track of the record. A barcode label printer is a type of printer that is designed to print labels, barcodes and QR codes for various items and is commonly used in retail, manufacturing, shipping, and logistics industries to label products, packages, and shipments for tracking and inventory management purposes. Panel printer is a complete printing unit that can be integrated into other machines or devices for thermal printing. In addition, we also sell printing modules which can be integrated into different devices and machines according to our customers' needs.

Our printing equipment typically applies thermal printing technology which converts the received content data into dot matrix signals, controls the thermal printhead and the stepper motor to heat up line by line, and heats the thermosensitive coating on the thermal paper to output text and images. To satisfy diverse customers' needs, we also offer a few models of dot matrix printing equipment, which makes use of a series of printing head pins that moves back and forth or in an up-and-down motion on the page and prints by impact, striking an ink-soaked cloth ribbon against the paper. Most of our printing equipment are monochrome, which print in black and white. Unlike general-purpose printers, specialty printers are tailored for specific industry such as manufacturing, healthcare, education, and supply chain environments where precision, durability, and efficiency are critical and essential for identification and tracking. They feature functions that are not typically included in general-purpose printers, such as high-speed and low-noise printing, automatic paper cutting, and compatibility with various printing materials of different sizes. Our specialty printers support different command sets and are designed for seamless integration with business software, such as inventory management systems, point-of-sale platforms, and other industry-specific applications.

We have introduced specific specialty printers to target certain industries through industry diversification. For example, (i) for education industry, our portable study printer allows students to access study materials and prepare study exercises and notes; (ii) for medical industry, our medical wristband label printer is designed to print high frequency RFID wristband for patients; and (iii) for environmental industry, our hazardous waste label printer can be connected to national or local hazardous waste treatment platforms to print labels with specific hazardous signs. We have also introduced instant photo printers with built-in cameras and early learning models, which target young children and are designed for early childhood education and entertainment. Furthermore, we carry out independent R&D and introduce products with technologies in response to evolving industry demands and market trends. For example, according to Frost & Sullivan, it is expected that the use of barcodes will gradually shift to QR codes by 2027. As (i) our barcode label printers, which included models that are capable of printing both barcodes and QR codes based on users' printing instructions during the Track Record Period, can be adapted to support this shift; and (ii) our printing equipment can change swiftly between barcode printing and QR code printing since there is no substantive difference in the timing and cost of production, intellectual property requirements, or technology involved in supporting QR code printing, our Directors expect that the phasing out of barcodes and the replacement by QR codes will not have any material adverse impact on our business operations and financial performance.

The sales of printing equipment amounted to RMB304.4 million, RMB261.1 million and RMB243.4 million, accounting for 77.4%, 74.9% and 69.5% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

Receipt printers

Receipt printers are used to print receipts, invoices and other types of transactional documents through thermal printing. They typically connect to POS terminals and are able to print in high speed with low noise. Our thermal receipt printers generally support both top and front paper loading, high-speed printing, automatic paper cutting, and are suitable for flexible use in mobile payment and self-service payment scenarios.

Ace H2 Thermal Receipt Printer

Barcode label printers

Barcode label printers are used to print text, barcodes, QR codes, graphics, RFID tags and other content through thermal printing. Automatic paper type detection allows our thermal barcode label printers to support printing of labels of various types and sizes. Additional functions of our thermal barcode label printers include overheat protection, bad point detection and missing paper re-printing. Barcode label printers are widely used in logistics, warehousing, supermarkets, retail, manufacturing, and medical industries.

RP420 Thermal Label Printer

During the Track Record Period, we launched hazardous waste label printers which are designed to produce labels that adhere to the technical standards set by the Ministry of Ecology and Environment of the PRC, featuring specific hazardous waste identification numbers, QR codes, and required hazardous signs for generating, collecting, storing and disposing of different types of hazardous waste. Integrated with hazardous waste software, the printers support efficient data entry, storage and printing of the required labels, and connected to the national or local hazardous waste treatment platforms to access data and information of hazardous waste and generate identification labels. Our hazardous waste label printers are portable in size, efficient, affordable and convenient to use in different production stages, and primarily target enterprises with moderate annual hazardous waste production volumes in need of generating, collecting, storing and disposing of different types of hazardous waste. Our hazardous waste label printers were developed through a tripartite collaboration in 2023. For details, please refer to the paragraph headed "R&D – R&D Collaboration" in this section.

Panel printers

Panel printers are complete printing units that can be integrated into other machines or devices for thermal printing. They be used for a variety of applications. For example, panel printers can be incorporated into self-service queue machines, medical self-service terminals, wall-mounted terminal devices, and self-service devices for catering and retail industries.

RP203 Panel Printer

Portable study printers

Portable study printer is a compact, portable device which allows students to record, print and track study materials, exercise and notes. Some models are equipped with OCR text recognition and text editing functions for students to print on-the-spot education materials such as maps, diagrams and charts, which can enhance students' learning experience.

PN82 Portable A4 Printer

Scales

Our scales are used to weigh products and calculate prices based on weight. They are commonly used in retail transactions, such as in supermarkets and grocery stores, to ensure accurate pricing of the products. We offer various models of scales with different features to suit the individual needs of our customers. Most of our scales are equipped with our self-developed specialty printers or printing modules so that users can print price labels, barcode labels and/or receipts conveniently after weighing the products. Depending on the specific model, our scales feature functions including water, moisture and insect resistance, high resolution light-emitting diode (LED) display screen with multi-point capacitive touch, and AI visual product recognition. In particular, our AI scales are equipped with AI recognition cameras which analyse product appearances and match them against a pre-loaded database of object images to accurately identify items. Such AI visual product recognition technology enables our scales to automatically, instantly and accurately identify the products put on the scales, calculate the price based on the products' weight, and print out the price label with reference to the imported data and information. Such AI scales aim to streamline retail operations, reduce human error, and enhance overall customer experience in retail scenarios such as supermarkets, fruit stores, chain restaurants and grocery stores.

The sales of scales amounted to RMB35.8 million, RMB47.3 million and RMB53.1 million, accounting for 9.1%, 13.5% and 15.2% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

Aurora S2-AI Scale

Aurora D2 Scale

POS Terminals and PDAs

POS terminals are electronic systems used to effect transactions at the point of sale. They typically include hardware such as a cash register or computer, and software that allows the business to process sales, manage inventory and generate reports. They are commonly used in the retail environment to handle electronic payment transactions, and are also widely used in other industries, such as restaurants, hotels, supermarkets and convenience stores. Our POS terminals come in handheld and desktop options and support a range of communication methods including WiFi, Bluetooth, broadband cellular network and local area network (LAN). They are equipped with built-in printers and NFC readers, as well as a variety of peripheral interfaces.

Our POS terminals can process a diverse range of electronic payment types such as WeChat Pay, Alipay, UnionPay, as well as various contactless or radio frequency identification cards including MIFARE cards and FeliCa cards.

Our PDAs are handheld electronic devices that function as data terminals and provide computing and information storage and retrieval capabilities. They allow customers to collect data efficiently and achieve digital management of their businesses. Similar to POS terminals, most of our PDAs also have Wi-Fi, Bluetooth, broadband cellular network and GPS support, and come with built-in printing capabilities, cameras for code scanning, and NFC readers. Our PDAs are commonly applied to logistics and delivery, warehouse inventory tracking, production and manufacturing, retail e-commerce, and store management. We have also introduced antibacterial medical PDAs for use in medical institutions to facilitate data management.

We carry out our sales of POS terminals and PDAs through IMachine, a direct wholly-owned subsidiary of the Company. The sales of POS terminals and PDAs amounted to RMB23.6 million and RMB16.5 million and RMB33.6 million, accounting for 6.0%, 4.7% and 9.6% of our Group's total revenue for FY2022, FY2023 and FY2024, respectively.

AP12 Handheld POS Terminal

A2 Desktop POS Terminal

i2 Handheld Data Terminal (PDA)

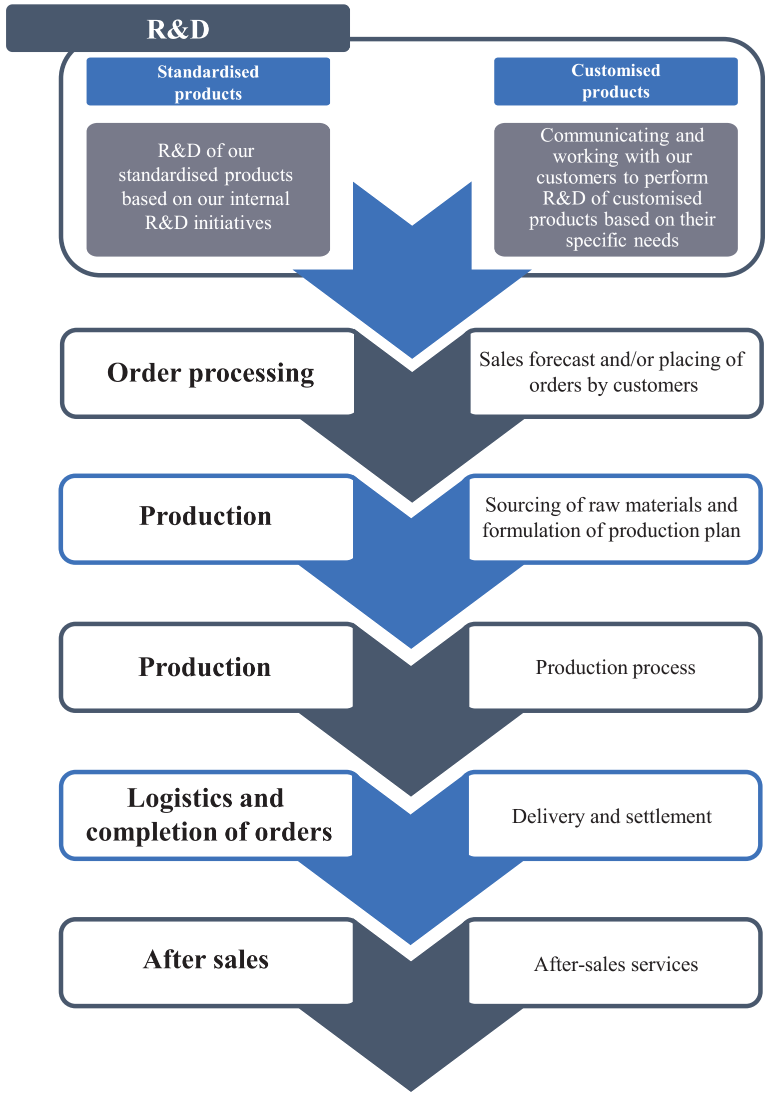
Accessories and Other Purchased Products

In addition to the above, we also sell accessories and other purchased products such as parts, control boards, power cords and thermal paper to meet the specific demand of the customers for product replacement, maintenance or after-sales product enhancement. For instance, some customers may purchase accessories and other purchased products to conduct maintenance themselves after the warranty period. The accessories and other purchased products are ancillary to our sales of the three main product types, but not a separate business segment.

OUR BUSINESS MODEL

We are an AIDC devices and solutions provider, which designs, manufactures and markets specialty printers, scales, POS terminals and PDAs. We offer both standardised and customised products. For our standardised products, we provide detailed product information in product lists for our "RONGTA" and "iMACHINE" products. Customers select standardised products from our product lists based on their needs and product requirements. Regarding customised products, we design and manufacture them according to the specifications and requirements of each customer ranging from simple changes on product appearance to developing entirely new products tailored to specific business operations and industry. We carry out independent R&D to design products and work on the technical feasibility of designs to continue to expand through industry diversification. We select and procure raw materials from third-party PRC suppliers, while we maintain a list of qualified suppliers and generally purchase raw materials from selected qualified suppliers. Leveraging our solid foundation and market position, we are able to sell our products through direct sales and sales to distributors to over 140 countries and not less than 30 provinces, municipalities and autonomous regions in China.

The chart below sets out the key phases of our business operations:



Standardised and customised products

We offer both standardised and customised products to meet the diverse needs and requirements of our customers.

Standardised products

We develop and manufacture our standardised products under our own brands, "RONGTA" and "iMACHINE", which are designed and manufactured based on our industry expertise and understanding of the diverse and varying customer demands and market trends, and aligned with the OBM model. By leveraging our in-house R&D capabilities, we anticipate and adapt to evolving market preferences to design innovative and quality products. These products are widely applicable across industries and are marketed as ready-to-use solutions for customers seeking high quality branded AIDC devices. As the brand owner, we assume full responsibility and control for our standardised products, including but not limited to product design, manufacturing and marketing, allowing us to establish a distinct brand identity and customer loyalty. As at the Latest Practicable Date, we offered more than 100 standardised products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries.

The following table sets out the material differences between our "RONGTA" and "iMACHINE" brands:

	"RONGTA"	**"iMACHINE"**
Market position	Established brand primarily focused on traditional commercial equipment like thermal printers and scales, with diverse applications across various industries.	Positioned as a forward-looking brand which enhances human-machine interaction in facilitating communication and interaction between human and machines and focusing on creating user-friendly interfaces for effective control and engagement. Designed to meet customer-specific needs in industries requiring data collection, processing, and management.
Target customers	Customers in industries such as retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environment, who seek cost-effective commercial equipment for day-to-day operations, such as printing, weighing and transaction processing.	Customers in industries such as retail, logistics, manufacturing and warehousing and healthcare who seek intelligent solutions for tasks such as data collection, transaction processing and operational management.
Product offerings	Primarily printing equipment and scales, complemented by a limited selection of POS terminals and PDAs.	Primarily POS terminals and PDAs, complemented by a limited selection of printing equipment.

The following table sets out a breakdown of the revenue, gross profit and gross profit margin of the sales of our standardised products by brand during the Track Record Period:

	FY2022				FY2023				FY2024			
	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*	%
"RONGTA" brand products	114,810	90.6	22,988	20.0	64,723	88.3	9,927	15.3	57,551	83.3	24,097	41.9
"iMACHINE" brand products	11,962	9.4	2,433	20.3	8,568	11.7	1,928	22.5	11,570	16.7	2,330	20.1
Total	126,772	100.0	25,421	20.1	73,291	100.0	11,855	16.2	69,121	100.0	26,427	38.2

During the Track Record Period, our sales of "RONGTA" brand products constituted the majority of our sales of standardised products. From FY2022 to FY2023, the revenue from "RONGTA" brand products decreased from RMB114.8 million to RMB64.7 million, while the gross profit margin of "RONGTA" brand products decreased from 20.0% to 15.3%, primarily due to the absence in FY2023 of bulk purchase orders for our printing equipment from Customer C in FY2022 which generally had a higher gross profit. The revenue from "RONGTA" brand products further decreased from RMB64.7 million for FY2023 to RMB57.6 million for FY2024, primarily due to the decrease in revenue derived from a PRC customer in FY2024 following the expiration of the framework sales agreement covering FY2022 and FY2023, under which the customer purchased "RONGTA" products of RMB3.4 million in FY2023, and to the best knowledge, information and belief of the Directors, the framework sales agreement was not renewed due to the customer's changing business needs to purchase other printing equipment. The gross profit margin for "RONGTA" brand products increased significantly from 15.3% for FY2023 to 41.9% for FY2024, primarily due to the launch of our "RONGTA" brand hazardous waste label printers with higher gross profit margin in FY2024. The revenue and gross profit margin for our sales of "iMACHINE" brand products remained relatively stable during the Track Record Period.

Customised products

In addition to standardised offerings, we also provide customised products tailored to meet specific customer requirements, which is substantially aligned with the ODM model. Over years of development, we encounter unique needs of our customers, such as business needs for specific quality standards, specific materials selected by the customer to be adopted and incorporated into the product, customising product appearance to align with their preferred themes or branding, and adjusting product compatibility to integrate seamlessly with the customer's existing systems or solutions. To fulfil these requirements, we work closely with our customers through a collaborative process. We first communicate with our customers to understand their initial ideas such as the intended or desired purposes, application scenarios, functions, and physical attributes of the products. Instead of simply relying on the designs or production blueprints provided by such customers, we typically take the initiative in translating the initial inputs from customers into fully realised products. We work closely with our customers through the product development process, and retain control over the product design and manufacturing process. If further clarification or technical input is required, our R&D team liaises directly with the customers to refine the specifications, designs, or technical adjustments in order to ensure that the final product meets the customer's expectations. We may charge product development fees for designing and developing new products with specifications that require substantial R&D input. Once the specifications and designs are finalised and agreed by our customers, and the sales orders are confirmed, we commence production. Depending on the customer's preference, the customised products can be labelled with their requested brand names or logos, providing flexibility for customers to accommodate their different business segments or marketing strategies, or integrating our products into their own product lines.

We also provide customised products substantially in line with the OEM model to a small extent to meet the specific needs of certain customers. On such limited occasions, we manufacture products for customers primarily based on the specifications provided by them, allowing them to have a high degree of influence on the product design and manufacturing flow.

Differences between our standardised and customised products

The following table sets out the typical differences between our standardised and customised product:

	Standardised Products	**Customised Products**
Product design	Designed and developed by the Group based on market trends and customer demand.	Designed and developed based on specific requirements of the customers.
Customer types	Primarily corporate customers and individual end-users from industries such as retail, catering, logistics, warehousing, manufacturing, medical and environment, seeking ready-to-use AIDC devices, and distributors.	Primarily corporate customers or entities with unique requirements, from industries such as retail, catering, education, logistics, warehousing and manufacturing, often looking for tailored solutions to integrate with their existing systems, including other AIDC devices and solutions providers and manufacturers.

	Standardised Products	Customised Products
Branding	Sold under our own brands, "RONGTA" and "iMACHINE".	Branded as requested with product appearance agreed by customers.
Sales process	Order placement and delivery of standardised products on product lists.	Involves close collaboration between the sales team, R&D team, and customers to finalise specifications before production.

The following table sets out a breakdown of our revenue from sales of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customised products	**236,980**	**60.3**	**251,538**	**72.1**	**260,903**	**74.5**
– Printing equipment	211,854	53.9	216,882	62.2	196,083	56.0
– Scales	13,506	3.4	26,727	7.7	42,826	12.2
– POS terminals and PDAs	11,620	3.0	7,929	2.3	21,994	6.3
Standardised products	**126,772**	**32.2**	**73,291**	**21.0**	**69,121**	**19.7**
– Printing equipment	92,554	23.5	44,200	12.7	47,290	13.5
– Scales	22,256	5.7	20,523	5.9	10,261	2.9
– POS terminals and PDAs	11,962	3.0	8,568	2.5	11,570	3.3
Accessories and other purchased products	**25,591**	**6.5**	**15,333**	**4.4**	**17,849**	**5.1**
Others *(Note)*	**3,930**	**1.0**	**8,587**	**2.5**	**2,189**	**0.6**
Total	**393,273**	**100.0**	**348,749**	**100.0**	**350,062**	**100.0**

Note: Others mainly comprised tooling and provision of development and certification services.

The revenue from sales of customised products remained relatively stable during the Track Record Period. The revenue from sales of standarised products decreased from RMB126.8 million for FY2022 to RMB73.3 million for FY2023, and further to RMB69.1 million for FY2024, primarily driven by the decrease in sales of our "RONGTA" brand product, which constituted the majority of our sales of standardised products. For details, please refer to the analysis set out in the paragraph headed "Our Business Model – Standardised and Customised Products – Standardised Products" in this section.

The following table sets out a breakdown of our gross profit and gross profit margin of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customised products	**55,855**	**23.6**	**64,291**	**25.6**	**67,509**	**25.9**
– Printing equipment	49,177	23.2	50,428	23.3	44,218	22.6
– Scales	4,507	33.4	11,439	42.8	18,149	42.4
– POS terminals and PDAs	2,171	18.7	2,424	30.6	5,142	23.4
Standardised products	**25,421**	**20.1**	**11,855**	**16.2**	**26,427**	**38.2**
– Printing equipment	19,589	21.2	5,093	11.5	21,889	46.3
– Scales	3,420	15.4	4,741	23.1	1,860	18.1
– POS terminals and PDAs	2,413	20.2	2,022	23.6	2,678	23.1
Accessories and other purchased products	**7,981**	**31.2**	**5,521**	**36.0**	**4,400**	**24.7**
Others[(Note)]	**603**	**15.3**	**3,797**	**44.2**	**1,029**	**47.0**
Total	**89,861**	**22.8**	**85,464**	**24.5**	**99,365**	**28.4**

Note: Others mainly comprised tooling and provision of development and certification services.

Our gross profit margin of customised products increased from 23.6% in FY2022 to 25.6% in FY2023, primarily attributable to the respective increase in the gross profit margin of printing equipment, scales, POS terminals and PDAs. Our gross profit margin of customised products increased slightly from 25.6% in FY2023 to 25.9% in FY2024, primarily attributable to the increase in the sales of customised scales which have a higher gross profit margin than our other products, partially offset by the decrease in gross profit margin of customised POS terminals and PDAs from 30.6% in FY2023 to 23.4% in FY2024. The increase in gross profit of customised products from RMB55.9 million to RMB64.3 million from FY2022 to FY2023 was primarily due to the increase in gross profit of scales resulting from the increase in sales of AI scales and the increase in overseas sales of conventional scales. The fluctuation in the gross profit and gross profit margin from sales of standardised products was generally in line with the fluctuation in the gross profit and gross profit margin from sales of our "RONGTA" brand products, which constituted the majority of our sales of standardised products. For details, please refer to the analysis set out in the paragraph headed Our Business Model – Standardised and Customised Products – Standardised Products" in this section.

The table below sets out the sales volume and average selling price of our standardised and customised products during the Track Record Period:

	FY2022		FY2023		FY2024	
	Sales volume *(thousand pieces)*	**Average selling price** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*	**Sales volume** *(thousand pieces)*	**Average selling price** *(RMB)*
Customised products	999	237	1,008	250	1,132	230
– Printing equipment	982	216	983	221	1,088	180
– Scales	11	1,278	20	1,346	32	1,358
– POS terminals and PDAs	7	1,690	5	1,691	14	1,571
Standardised products	677	187	278	264	207	335
– Printing equipment	649	143	258	171	189	251
– Scales	19	1,144	14	1,451	10	1,043
– POS terminals and PDAs	8	1,472	6	1,410	8	1,429
Total	1,676		1,286		1,339	

R&D

We carry out independent R&D to cope with the fast-changing demands of our customers amid constant technological advancement in the industry. Our R&D team plays a vital role in driving both horizontal and vertical growth of our products, ensuring that we are capable of promptly responding to any market needs we identify. Our R&D primarily focuses on: (i) improving functionalities and production efficiency of our existing products to satisfy needs of the customers; and (ii) developing new products with new functionalities and products suitable for application in new scenarios through implementation of new technologies or features. As at 31 December 2024, we had a total number of 123 R&D and technical personnel. More than 85% of our R&D and technical staff attained tertiary education or higher in relevant disciplines such as computer science, industrial design and electronic engineering. Our R&D team is led by Mr. Xu Kaihe, our executive Director and senior vice president, who has over 18 years of relevant experience in the electronic technology industry. With our solid R&D capabilities, we are able to provide designs and products based on market trends, as well as deliver tailor-made product development services for our customers who require customised products.

As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. We received multiple awards and recognitions from the industry and the relevant government authorities in recognition of our R&D contribution, which include the iF Design Award and the Red Dot Design Award, two world-renowned design awards, for our desktop POS terminal, the accreditations as a National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業) by the Ministry of Industry and Information Technology of the PRC (中國工業和信息化部), a National Superior Intellectual Property Enterprise (國家級知識產權優勢企業) by the National Intellectual Property Administration (國家知識產權局), and a National High and New Technology Enterprise (國家高新技術企業) by the Ministry of Science and Technology of the PRC (中國科學技術部). Please refer to "Awards and Recognition" in this section for further details. For FY2022, FY2023 and FY2024, our total R&D costs amounted to RMB22.1 million, RMB20.9 million and RMB23.8 million, respectively. For details of our total R&D costs, please refer to note 16 to the Accountant's Report in Appendix I to this prospectus.

With our established and wide customer base, we are able to collect market information to understand market trends, which form the solid foundation of our R&D initiatives. Our R&D team works together with our other departments such as the sales departments to understand the market trend and customers' preferences before commencing a research project as well as our production department to collaborate in product testing and development.

As at the Latest Practicable Date, we focus our R&D initiatives on the following aspects and there are a total of 21 products under development in these aspects:

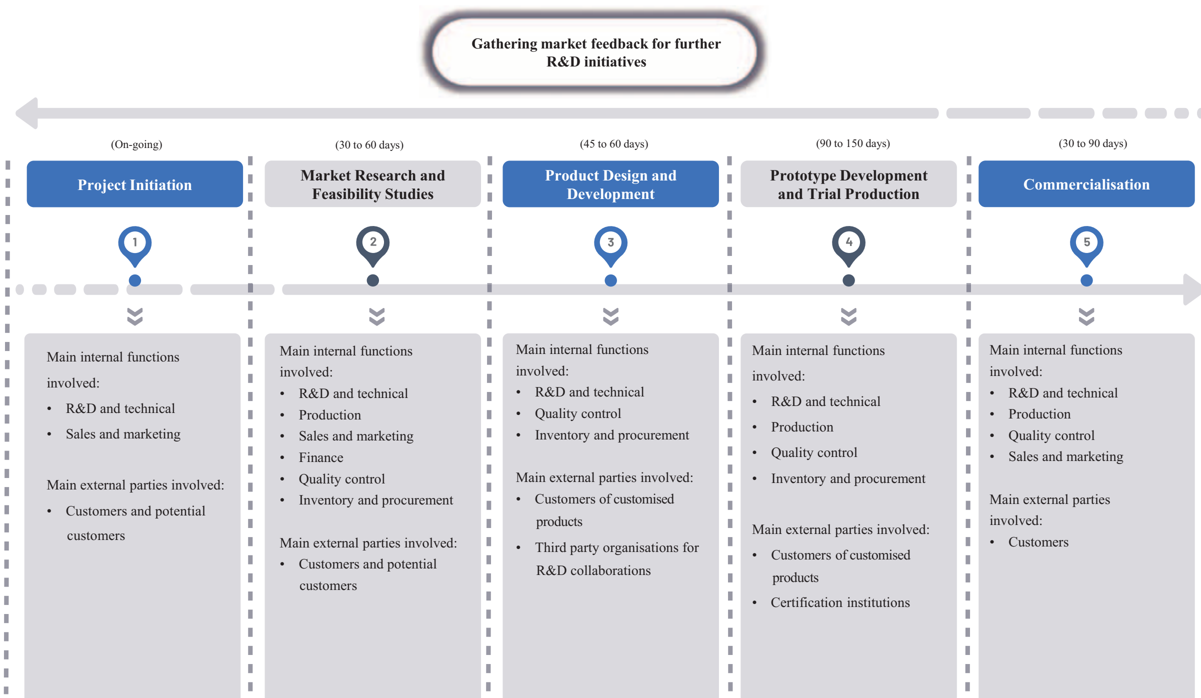
- **Integration of Internet of things (IoT) into AIDC devices**: The IoT technology involves the interaction of objects with each other through information sensing devices and the utilisation of internet technology to achieve intelligent identification and management. A common example of IoT technology is the use of RFID tags. We intend to further explore the integration of RFID technology into our AIDC devices and solutions, enabling the adoption of RFID in different scenarios. As at the Latest Practicable Date, we have five products under development, including one receipt printer, two barcode label printers and two POS terminals, which focus on, among others, the application of IoT technology, and they are expected to be launched by the first quarter of 2026. There are also 14 products in the preliminary research stage which are expected to be launched by 2027. These products include RFID barcode label printers targeting higher-end customers in the industrial sector, and POS terminals targeting object labelling management for food industry.

- **Development of cloud-based printing services**: We plan to develop multiple cloud printing products and explore cooperation with food delivery platforms equipped with advanced payment technology. We aim to achieve automatic order receipt and printing from multiple platforms and restaurants. We will explore the use of Over-the-Air (OTA) technology to enable firmware updates across all devices. As at the Latest Practicable Date, we have one barcode label printer under development which focuses on the application of cloud-based printing, and such product is expected to be launched in 2025. The product will focus on leveraging cloud-based system and allowing users to achieve off-site printing, while allowing firmware updates through OTA technology, which will enhance printing efficiency in the logistics sector.

- **Integration of AI technology into our product offerings**: We believe that there is huge potential for integrating AI technology into our AIDC devices. For example, we offer scales equipped with AI recognition camera and the relevant software which can identify the products based on its appearance, which greatly improves the efficiency of sales transactions. We intend to further explore the utilisation of AI technology to upgrade our AIDC devices and solutions and develop new products to enrich our product offerings, such as to further incorporate AI technology into our POS terminals to enhance digitalisation efficiency. As at the Latest Practicable Date, we have two scales under development which focus on, among others, the integration of AI technology, and they are expected to be launched in 2025. There are also six products in the preliminary research stage which are expected to be launched by 2027. For example, such products include instant photo printers with built-in camera and equipped with AI image enhancement functions, which target young children and are designed for the education and entertainment market.

- **Expansion of product offerings and applications**: We intend to tap into new industries and increase our revenue streams by focusing on R&D of AIDC devices and solutions which are suitable for application in new commercial and individual settings and scenarios, including but not limited to retail, education, medical and environmental industries. As at the Latest Practicable Date, we have 13 products under development, including three label printers, seven barcode label printers, one scale, one POS terminals and one control board, which focus on, among others, the expansion of product offerings and applications, and they are expected to be launched in 2025. There are also 13 products in the preliminary research stage which are expected to be launched by 2027. For example, such products include: (i) office A4 thermal printer suitable for portable printing scenarios in business settings, such as mobile office, printing of merchant signage, and invoice printing; (ii) automated weighing and packaging equipment for the pre-packaged meal and community fresh produce market; (iii) smart carts equipped with product recognition, weighing, navigation and checkout capabilities for the supermarket industry; and (iv) photo printers with inkless colour printing technology for expansion into the field of photo printing market.

The following diagram illustrates the key steps and approximate time of our typical R&D process:



R&D collaboration

Our R&D efforts are complemented by our strategic collaborations with third party organisations from time to time, enabling us to leverage external resources and expertise effectively. In 2024, we launched our hazardous waste label printers as part of our efforts to diversify our product portfolio and expand the scope of our offerings. For details, please refer to the paragraph headed "Our Products – Printing Equipment – Barcode Label Printers" in this section.

Our hazardous waste label printers were developed through a tripartite collaboration in 2023 with (i) a company based in the PRC and listed on the Shanghai Stock Exchange and principally engaged in software development and provision of information technology services (the "**Software Company**"); and (ii) a private company based in the PRC and principally engaged in the scientific research and technology services (the "**Service Company**"), both of which are Independent Third Parties. The following sets out the salient terms of the tripartite collaboration:

Responsibilities of the Parties	Our Group is primarily responsible for the R&D of the hazardous waste label printers, including prototype development, hardware design, and development of underlying driver software necessary for the products' operation. The Software Company is responsible for developing the application layer software that is compatible with the subject product. The Service Company is responsible for applying for and obtaining hazardous waste related certifications for the subject product.
Term	The collaboration is effective for a period from 1 December 2023 to 31 December 2028.
Exclusivity	The collaboration is exclusive in nature. Each party agrees not to engage in the same or similar business collaboration in any form with competitors of the same kind of products, and guarantees that each of them is the sole cooperation partner in the industry or field to which the subject product belongs.
Intellectual property rights	Our Group solely owns the intellectual property rights of the Group's inventions, designs, technology information, technologies and proprietary technologies in the subject product. The Software Company owns the intellectual property rights relating to the software developed by them and installed in the subject product.
R&D costs	Our Group shall bear the R&D costs associated with the hazardous waste label printers, including expenses for R&D, prototype development and trial production.

Service fees	For the first year following the product launch, our Group shall pay service fees to the Software Company for software development and the Service Company for the certification applications, calculated on a per-unit basis for each sale of hazardous waste label printers.

OUR PRODUCTION

Production Process

From our inception, we make effort to develop a competitive edge in our production capabilities. Our production process is designed to promote quality while delivering the ability to rapidly ramp up production of products on short timeframes to meet our customers' needs. With our design and manufacturing capabilities, we are equipped to launch a diverse array of AIDC devices. Our approach emphasises vertical integration of our production capabilities for several reasons, such as acquiring advanced technologies, promoting product quality, ensuring production capacity, and controlling costs.

Depending on the customers' requirements on our products, we will formulate a production schedule taking into account factors including (i) our production capacity; (ii) availability of raw materials; (iii) level of our product inventories; (iv) quantity required under the orders; and (v) the level of technological complexity involved in production.

The following diagram illustrates the key steps and approximate time of our production process:

Engineering and pilot production	Before mass production, with respect to each new or enhanced product, our new production introduction (NPI) engineering department will formulate the production operating instructions which lay down the technical specifications, material approval standards, and technical process, based on the specific requirements of each product. Our production department will carry out the specific test-production, record production data and report them to the NPI engineering department for analysis and improvement. This ensures that the products fit the manufacturing under mass production lines. In addition, an overall standardised testing including testing on functions, reliability, durability and safety etc. will be carried out on products undergoing test-production.
Raw material procurement	We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components.
Assembly of finished products	The components of PCBAs and other component modules and parts including plastic casting and other precision components sourced from our suppliers are assembled at various positions in the production line to produce the final product.
Packaging and labelling	The final stage of our production process is the packaging and labelling process. Our products are carefully packaged to a box and a label will be stuck on each of the packaged boxes. Our products are labelled either under our own "RONGTA" or "iMACHINE" brand names, or under the brand name as requested by our customers, depending on whether the product is standardised or customised product. Our quality control staff will inspect the packaged boxes on sampling basis to ensure that they are in good condition and conform to the packaging and labelling specifications of our customers.

To ensure the quality of our final products, we have integrated relevant quality inspection stations into each production line. For details, please refer to the paragraph headed "Quality Control and Management" in this section.

Production Facilities and Production Capacity

We had a production team with 224 members as at 31 December 2024. Our products were manufactured in the Old Xiamen Base, with an aggregate GFA of 16,551 sq. m., before the relocation of our production to the New Xiamen Base in March 2022. In the New Xiamen Base, approximately 21,416 sq. m. is used for production and 12,831 sq. m. is used for office. The Old Xiamen Base was leased from an Independent Third Party, while the New Xiamen Base is a self-owned property of our Group. For details, please refer to the paragraph headed "Properties" in this section.

Photograph of the New Xiamen Base

The following table sets out the estimated production capacity, actual production volume and utilisation rates of the Group during the Track Record Period:

	FY2022	FY2023	FY2024
Printing equipment			
– Estimated production capacity *(pieces)* *(note 1)*	2,821,979	2,926,311	2,926,311
– Actual production volume *(pieces)*	1,398,839	1,272,734	1,187,783
– Utilisation rate *(note 2)*	49.6%	43.5%	40.6%
Scales			
– Estimated production capacity *(pieces)* *(note 1)*	56,878	56,829	56,832
– Actual production volume *(pieces)*	29,911	33,338	36,201
– Utilisation rate *(note 2)*	52.6%	58.7%	63.7%
POS terminals and PDAs			
– Estimated production capacity *(pieces)* *(note 1)*	25,345	25,915	25,920
– Actual production volume *(pieces)*	13,004	8,965	17,232
– Utilisation rate *(note 2)*	51.3%	34.6%	66.5%
Total			
– Estimated production capacity *(pieces)* *(note 1)*	2,904,202	3,009,055	3,009,063
– Actual production volume *(pieces)*	1,441,754	1,315,037	1,241,216
– Utilisation rate *(note 2)*	49.6%	43.7%	41.2%

Notes:

1. The estimated production capacity for each of FY2022, FY2023 and FY2024 is calculated by multiplying (i) the estimated daily production volume per production line taking into account the operation hours of each production line per working day, (ii) the number of available production lines and (iii) the number of working days of production staff, which was 28 working days per month for FY2022 and 27 working days per month for FY2023 and FY2024.

2. Utilisation rate is calculated by dividing the actual output by the designed production capacity during the same year/period.

The utilisation rate for production of printing equipment decreased from FY2022 to FY2023, primarily attributable to (i) the increase in estimated production capacity in FY2023 following the relocation of our production base from the Old Xiamen Base to the New Xiamen Base in March 2022; (ii) the decrease in production volume due to our decrease in sales volume of printing equipment in FY2023, and our enhanced inventory management in reducing the inventory level of printing equipment. The utilisation rate for production of printing equipment decreased in FY2024 due to the decrease in production volume resulting from the reduction in inventory level of printing equipment through enhanced inventory management, alongside a slight increase in sales volume of printing equipment. The utilisation rate for production of scales increased throughout the Track Record Period due to increase in production volume in line with our growth in revenue from sales of scales. The utilisation rate for production of POS terminals and PDAs decreased in FY2023 primarily due the decrease in actual production volume, which was in line with the decrease in our revenue from sales of POS terminals and PDAs in FY2023.

We believe that in case of increase in demand and hence purchase orders by our customers, we are able to interchange our production lines for different products in New Xiamen Base or to cope with the increased demand of a particular product or business need in the future principally by way of (i) adjusting and/or streamlining the machinery and equipment; and (ii) adjusting the production staff with relevant assembling experience.

As at the Latest Practicable Date, we owned a variety of production equipment and machineries which are material to our production process. Some of our major production equipment and machinery include:

Major production equipment and machinery	**Main functions**
Pulse welding machine	Welding of electronic components
Glue spraying machine	Applying adhesive coatings to components
Ultrasonic welding machine	Welding of battery protection casing
Air compressor	Providing compressed air to power various machinery in our production process
Three-axis automatic coating machine	Applying protective coatings on electronic products
Shrink wrap machine	Wrapping products in shrink film
IC burning machine	Programming ICs to ensure proper functionality before assembly

Our major production equipment and machineries generally have useful lives of approximately four to ten years. Based on our experience, such useful lives may be extended for longer period with appropriate repair and maintenance. In determining the useful life and residual value of our production equipment and machineries, we consider various factors, such as changes in market demand, production process and techniques and expected usage of the production equipment and machineries. The estimation of the useful life of production equipment and machineries is generally based on our experience with similar production equipment and machineries that are used in a similar way. We shall replace the production equipment and machineries when we deem appropriate, taking into account the condition and efficiency of the equipment and machineries and whether new equipment and machineries are required in view of new technology. We did not experience any material or prolonged interruptions to our production process during the Track Record Period and up to the Latest Practicable Date. Our Group conducts regular maintenance on our machinery and equipment, including checking for normal wear and tear, and proper functioning of the machinery and equipment. We incurred maintenance cost of RMB18,000, RMB18,000 and RMB41,000 for each of FY2022, FY2023 and FY2024, respectively. For details of the depreciation policy, please refer to Note 13 of the Accountant's Report as set out in Appendix I to this prospectus.

QUALITY CONTROL AND MANAGEMENT

Our quality control department is responsible for maintaining and operating our quality control system to ensure our products meet our customers' expectation and international industry standards. Any inaccuracies spotted would be timely reported such that appropriate measures can be taken promptly to rectify the inaccuracy and ensure timely delivery of our ordered products. Our quality management system has been certified to ISO 9001:2015 since August 2016. Besides, some customers will inspect our production base regularly to ensure that our quality control is up to their standards. As confirmed by our Directors, we managed to pass all of our customers' inspection on our production facilities during the Track Record Period and up to the Latest Practicable Date.

Our products are sold worldwide and are subject to various safety standards and quality requirements depending on the sales destination and/or customer destination. We have engaged independent product testing and certification organisations to test and certify our products on the relevant standards of the geographical location of sales. For example, our products are certified by FCC in the United States, CE mark in Europe and Bureau of Indian Standards in India, which are the leading product safety and quality standards in the respective market.

As at 31 December 2024, we had a total of 66 quality control staff to conduct our quality control and management procedures. Our key quality control measures are as follows:

Inspection of raw materials	We maintain a list of qualified suppliers and we generally purchase raw materials only from selected qualified suppliers which fulfil our requirements, taking into account factors including, among others, market reputation, licence and qualification. We require our suppliers to provide quality inspection reports for each batch of important raw materials for our production. Our quality control staff will conduct sample check on each batch of the raw materials in accordance with our internal guideline and maintain a record for the inspection. Specifically, we generally require 100% inspection rate for the same raw material in a batch of three or fewer cartons, and at least 50% inspection rate for the same raw material in a batch of over three cartons.
Production quality control	We strictly monitor each step of our production process to ensure it meets our quality control requirements. Each of our staff is required to participate in mandatory training on our operation procedures and quality control requirements. We conduct first-article inspections before mass production or after significant changes such as equipment upgrades, design modifications, or process adjustments, with at least two prototype units tested for compliance with material, appearance, functionality, and packaging standards. In addition, our in-process quality control (IPQC) staff perform routine inspections every two hours, checking key production factors such as materials, equipment settings, and process adherence, with at least five random samples inspected from critical production steps. Any identified defects are immediately flagged, and corrective actions are implemented in accordance with our internal protocols.
Finished products quality control	Our quality control staff conduct quality check on our products before packaging. Such quality check primarily focuses on product appearance, function, safety and sterilisation conditions.

Packaged products quality control	After our products are packaged, our quality control staff would conduct an out-of-box quality inspection on a sampling basis in accordance with the GB2828 standard to ensure that the packaged products are up-to-standard before delivering them to our warehouses. After the quality control staff have confirmed that the quality standards for each process have been satisfied, they will collect the inspection paperwork for each process and issue an inspection report.
On-going reliability test (ORT)	When our products are stored in the warehouses, our quality control staff would conduct continuous performance test of the products on a regular basis to ensure their ongoing reliability. For example, the testing may involve running our products for a certain number of hours under specific conditions to measure their functionality and performance.

OUR SALES CHANNELS

We sell our products through direct sales and sales to distributors. For FY2022, FY2023 and FY2024, our revenue from direct sales amounted to RMB370.5 million, RMB311.2 million and RMB335.3 million, accounting for 94.2%, 89.2% and 95.8% of our total revenue, respectively. For FY2022, FY2023 and FY2024, our revenue from sales to distributors amounted to RMB22.7 million, RMB37.5 million and RMB14.7 million, accounting for 5.8%, 10.8% and 4.2% of our total revenue, respectively. According to Frost & Sullivan, our sales channels of selling AIDC products through direct sales and sales to distributors are generally in line with industry norm.

Direct sales

Our direct sales primarily involve two types of arrangements: (i) sales framework agreements or one-off sales agreements made directly with customers; and (ii) purchase orders submitted by customers.

(i) Sales framework agreements or one-off sales agreements

We preferably enter into sales framework agreements with our key customers in order to strengthen the business relationship with them. Despite having sales framework agreements in place, our customers, in general, still need to place individual purchase orders with us when they require our products. During the Track Record Period, as confirmed by our Directors, there had not been any material breach of any of the sales framework agreements on our part or by our customers.

For new or infrequent customers, retailers or smaller businesses, we typically enter into one-off sales agreements with them and sell products on a per-order basis. Whether a framework sales agreement or a one-off sales agreement is entered into depends on factors such as the business relationship, customer preferences, and the types and quantities of products involved.

Set out below is a summary of the salient terms of the typical sales framework agreements and typical one-off sales agreements with our customers.

	Sales framework agreements	**One-off sales agreements**
Term	The sales framework agreements generally have a term of one to three years, with or without automatic renewal clause upon expiration.	Not applicable for one-off sales agreements.
Minimum purchase amount	Our customers are not required to purchase a specified minimum purchase amount.	
Pricing policy	The unit price of the products is specified in the sales framework agreements or the individual purchase orders. For details of our pricing policy, please refer to "Customers – Pricing Policy" in this section.	The unit price of the products is specified in the one-off sales agreements. For details of our pricing policy, please refer to "Customers – Pricing Policy" in this section.
Delivery	The locations, delivery date and manner of delivery are specified by our customers in the individual purchase orders.	The locations, delivery date and manner of delivery are specified by our customers in the one-off sales agreements.
Product exchange and return	We generally do not accept product exchange or return, save for products with quality defects which are identified upon receipt or within a specified period of time which is generally three to 45 days upon receipt.	

	Sales framework agreements	One-off sales agreements
Termination	May be terminated (i) by our customers upon prior written notice, or in the event of a breach of contract by our Group, including (a) failure to meet the agreed quality standard, or (b) a material delay in product delivery; or (ii) by mutual agreement between both parties.	Generally no termination clause is set out in the one-off sales agreements.

(ii) Purchase orders

Although we have sales framework agreements in place, our customers, in general, still need to place individual purchase orders with us when they require our products. Such purchase orders are typically submitted through emails and online ordering portals. In addition, we also accept purchase orders from customers through major domestic and international e-commerce platforms, including Amazon, Tmall (天貓), JD.com (京東) and Pinduoduo (拼多多), all of which are Independent Third Parties. These platforms provide us with an additional sales channel to reach a broader customer base, including individual consumers and small businesses. Our collaborations with e-commerce platforms are governed by our service agreements and/or the agreed terms and conditions. The product prices are generally higher for sales through e-commerce platforms in view of, among others, the platform fees charged by such platforms. For FY2022, FY2023 and FY2024, our revenue and gross profit from sales through e-commerce platforms amounted to RMB9.6 million, RMB11.6 million and RMB11.2 million, and RMB2.9 million, RMB4.4 million and RMB4.0 million, respectively, accounting for 2.4%, 3.3% and 3.2% of our total revenue, and 3.2%, 5.1% and 4.0% of our total gross profit during the respective years. During the Track Record Period and up to the Latest Practicable Date, we had not had any material dispute with our e-commerce platforms. Set out below is a summary of our typical arrangement for sales through e-commerce platforms:

Sales process	We list our standardised products on our official online stores on the respective e-commerce platforms, including product photos, descriptions, pricing and stock availability. Customers submit purchase orders directly through the platforms which are then processed by our sales and logistics teams.

Order fulfilment	In certain platform, our inventory is stored in its warehouses and the platform handles the packaging and delivery. For other e-commerce platforms, we typically manage logistics based on our logistics arrangement set out in the section headed "Business – Logistics Management".
Payment settlement	Payments from customers are processed by the e-commerce platforms, which settle the amounts to us based on their respective payment settlement cycles, typically within 10 to 30 days or at fixed intervals of once to twice per month.
Product return	In certain platform, customers return products to its designated warehouses. The platform then processes the return and notifies us regarding the refund or product disposal. If the returned goods are deemed unsellable, we may incur additional disposal fees. For other e-commerce platforms, customers typically return products directly to us. Upon receipt and verification of the returned items, we process corresponding refunds based on the order details.
Platform fees	In certain platform, platform fees are charged per unit sold, and storage and fulfilment fees are charged based on product size and weight. For other e-commerce platforms, platform fees typically consist of a transaction service fee of 0.6% of the sales amount and a commission that varies based on categories of products sold. For FY2022, FY2023 and FY2024, we incurred e-commerce platforms and related service fees of RMB3.7 million, RMB4.3 million and RMB3.0 million, respectively.

Security deposits	We are typically required to pay security deposits to operate on our e-commerce platforms which are refundable after termination. The security deposits primarily serve as a guarantee to ensure compliance with platform rules, protect buyer interests, and cover potential liabilities, and may be forfeited in cases such as breaches of applicable laws, platform agreements, or commitments to buyers.
Product liability	We are responsible for ensuring that our products comply with applicable laws, safety standards, and quality requirements. As sellers, we bear primary liability for any defects, safety issues, or non-compliance.
Customer feedback	We are responsible for addressing customer feedback and resolving disputes arising from our products or services.
Termination	The collaboration may be terminated by, among others, (i) either party's prior written notice; or (ii) the e-commerce platforms if there is any material breach of the agreement terms on our part.

Sales to Distributors

We also sell our products through distributors. As at 31 December 2024, we had a total number of 35 distributors. We generally enter into distribution agreements with our distributors.

Our relationship with our distributors is strictly a business relationship between seller and buyer. We sell our products to distributors who will then sell our products to downstream customers. Under our distributorship model, our distributors will, based on their understanding of the downstream customers' need, place purchase orders to us specifying the products required, specifications, quantity, delivery date and location. For the overseas distributors, the ownership and control of our products will be transferred to our distributors on the basis of FOB (i.e. when the goods are loaded on board at the port of shipment), whilst for the PRC distributors, the ownership and control will be transferred to our distributors upon acknowledgement of receipt of the products by our distributors or the third-party courier companies or any such person as nominated by them. We will recognise the revenue at the point of transfer of the ownership and control of our products to the distributors.

By adopting a distributorship model, we aim to enhance our reach and efficiency in serving end-users across various industries worldwide. While direct sales remain our primary sales channel and it is our strategy to continue to increase the proportion of our direct sales, we also make use of the distribution networks, local market insights, and sales and marketing expertise of our selected competent distributors to ensure alignment with our performance standards and business objectives. By maintaining a small group of distributors, we also avoid the administrative burden and costs associated with managing a large number of distributors. This enables us to penetrate different countries and regions more efficiently and effectively when compared to direct sales and marketing alone, without incurring substantial costs. According to Frost & Sullivan, our adoption of distributorship business model is generally in line with industry norm.

During the Track Record Period, save for revenue of less than RMB20,000 generated from four distributors, all of our revenue generated from our distributors was from those with recurring orders. Sales are regarded as recurring in nature if the distributor concerned purchased more than once from us since the commencement of our business relationships and up to the Latest Practicable Date. For FY2022, FY2023 and FY2024, sales to nil, one and one distributors amounted to 10% or more of our total revenue from sales to distributors, respectively, and the revenue generated from these distributors accounted for nil, 1.2% and 1.9% of our total revenue for the respective years. To the best knowledge and information of our Directors, these distributors are Independent Third Parties.

Set out below are the revenue, gross profit and gross profit margin of direct sales and sales to distributors during the Track Record Period:

	FY2022			FY2023			FY2024		
	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*	*%*
Direct sales	370,542	86,269	23.3	311,219	76,317	24.5	335,344	92,594	27.6
Sales to distributors	22,731	3,592	15.8	37,530	9,147	24.4	14,718	6,771	46.0
Total	393,273	89,861	22.8	348,749	85,464	24.5	350,062	99,365	28.4

The gross profit margin for sales to distributors increased from 15.8% for FY2022 to 24.4% for FY2023, primarily due to the increase in our overseas sales of scales which have higher gross profit margin. The gross profit margin for sales to distributors further increased to 46.0% for FY2024, primarily due to increase in our sales of newly launched hazardous waste label printers with higher gross profit margin in the fourth quarter of FY2024.

Set out below is the movement of number of distributors during the Track Record Period:

	Number of PRC distributors	Number of overseas distributors	Total number of distributors
As at 1 January 2022	45	28	73
Addition during the year	8	7	15
Reduction during the year	8	4	12
As at 31 December 2022	45	31	76
As at 1 January 2023	45	31	76
Addition during the year	11	3	14
Reduction during the year	2	3	5
As at 31 December 2023	54	31	85
As at 1 January 2024	54	31	85
Addition during the year	8	5	13
Reduction during the year	35	28	63
As at 31 December 2024	27	8	35

As at 31 December 2022, 2023 and 2024, we had 76, 85 and 35 distributors, respectively. For FY2022, FY2023 and FY2024, we had 15, 14 and 13 new distributors, and 12, 5 and 63 distributors whose distribution agreements were not renewed by us, respectively. The turnover rates of our distributors were 16.4%, 6.6% and 74.1% for FY2022, FY2023 and FY2024, respectively. Such turnover rates were calculated by dividing the reduction in the number of distributors during the year by the number of our distributors as at the beginning of the year and multiplied by 100%.

The decrease in our sales to distributors and the number of our distributors for FY2024 were primarily attributable to our strategies (i) to increase the proportion of our direct sales, in consideration of our amplified efforts in sales and marketing through participation in more exhibitions and trade fairs, providing direct opportunities for us to reach out to potential customers and acquire new ones; (ii) to deepen our business collaborations with selected competent distributors and maintain only a small group of distributors so as to ensure alignment with our performance standards and business objectives, while reducing our administrative burden in managing a larger number of distributors, thereby allowing us to make use of the distribution networks, local market insights, and sales and marketing expertise of our distributors without incurring substantial costs; and (iii) not to renew the distribution agreements of distributors with overall unsatisfactory performances, such as failing to meet the minimum purchase requirements when we assessed their sales performance and qualifications.

Set out below is a summary of the salient terms of the typical framework distribution agreements with our distributors:

Term	The distribution agreements typically have a term of one year, renewable upon mutual agreement of the parties.
Geographical exclusivity	Our distributors are generally only allowed to sell the product models specified in the framework distribution agreements and may not sell or advertise our products online or outside their designated distribution areas. To minimise the risk of cannibalisation, when selecting our distributors, we take into consideration their respective geographic coverage as well as distribution channels in order to avoid potential competition among the distributors within a region.
Pricing policy	We generally provide price guidance for our products to our distributors based on market conditions.
Minimum purchase amount	We typically set minimum purchase amount for our distributors. We would generally provide sales rebate of up to 5% by setting off the next purchase of our distributors if they successfully meet the minimum purchase amount and renew the distribution agreement.
Product exchange and return	We generally do not accept product exchange or return save for products with quality defects and products which do not conform with specifications.
Termination	We are entitled to terminate the distribution agreements if the distributors breach their undertakings therein.

During the Track Record Period and as at the Latest Practicable Date, (i) no distributors were terminated due to underperformance, and there was no early termination of any distribution agreements; and (ii) save for two instances of product returns amounted to approximately RMB61,000 and RMB76,000 in FY2023 and FY2024, respectively, there were no other product exchanges or returns from our distributors. To the best knowledge and information of our Directors, all of our distributors were Independent Third Parties during the Track Record Period.

Selection of Our Distributors

Our sales department is responsible for identifying potential distributors based on various factors, including but not limited to geographical location, scale of operation, distribution network, market expertise, regional influence and creditworthiness. After evaluating potential distributors, our sales department submits proposals to our management for approval. In addition, we assess the sales performance and qualifications of our distributors when their distribution agreements are due to be renewed. Agreements may not be renewed if the distributors have overall unsatisfactory performances, such as failing to meet the minimum purchase requirements, when we assess their sales performance and qualifications.

Management of Our Distributors

We primarily govern the conducts of our distributors through distribution agreements and we have implemented a distributor management policy to manage our distributors. When there is any material breach of our distributorship agreements on the part of our distributors, we have the right to unilaterally terminate the agreement.

We generally provide recommended price based on market conditions, as set out in our price guidance for products to distributors. The price guidance for the same product may vary according to the geographical location of our distributors; however, the recommended prices for our distributors under the price guidance typically align with the prices of products for direct sales in the same geographical location.

According to the distributor management policy, (i) we regularly review the terms of our distributorship agreement and monitor the implementation of terms by assigning a designated area in which our distributors are allowed to sell our products, and we may continue to authorise our distributors to sell designated products exclusively within their designated geographic regions; (ii) we review the selection of our distributors; and (iii) we also obtain market feedback from our distributors on any allegation of suspected irregular sales and conduct further enquiry if necessary.

We regularly enquire on the inventory level of our distributors by way of written confirmation to monitor the inventory level of our distributors. We monitor our sales level to distributors to see if there are any unusual movements on the sales pattern to distributors, and in practice, we review sales records to distributors before we process new purchase order. We compare our direct sales to the countries where we have distributors with the sales to relevant distributors to see if the sales trend to the relevant distributors is consistent with our direct sales to those countries. If there is any inconsistency, we make enquires with the distributors where necessary. We also conduct random site visits to visit our distributors in order to ensure that they are operating in accordance with the terms of our distributorship agreements. During the Track Record Period and as at the Latest Practicable Date, we did not detect any anomalies, such as exaggerating sales or selling outside designated distribution areas by our distributors.

We believe that our policy of not accepting product returns from our distributors save for defects in product quality, together with other measures in connection with management of our distributors, promote effective distributor management.

CUSTOMERS

We have strived to strengthen and develop our customer base since our establishment. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates. The group companies of (i) a Fortune 500 company headquartered in the United States and listed on NASDAQ which is primarily engaged in aerospace technologies, building automation, energy and sustainability solutions, and industrial automation and (ii) a company based in the PRC which is engaged in the sales of a leading brand of portable study printers in the PRC, were our top five customers for each of FY2022, FY2023 and FY2024.

Our Major Customers

For each of FY2022, FY2023 and FY2024, our revenue from our top five customers in each year accounted for approximately RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, representing approximately 41.9%, 36.2% and 27.2% of our total revenue during the same period. During the same periods, the revenue from our largest customer amounted to approximately RMB90.0 million, RMB62.6 million and RMB41.2 million, respectively, accounting for 22.9%, 18.0% and 11.8% of our total revenue, respectively. The revenue from our top five customers decreased during the Track Record Period primarily due to the decrease in revenue from Customer Group A, resulting from the softened market demands for portable study printer for self-study when physical lessons or tutoring had revived after the impact of COVID-19.

The following table sets forth our top five customers during the Track Record Period and their respective background information:

FY2022

Ranking	Customer	Type of sales channel	Major products sold	Revenue *(RMB'000)*	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	89,969	22.9	30 days	Bank transfer	2020	The group companies of a company based in the PRC with registered capital of US$153 million, which are engaged in the sales of a leading brand of portable study printers in the PRC.
2	Customer C	Direct sales	Printing equipment	34,605	8.8	Nil*(Note)*	Bank transfer	2018	A private company based in Hong Kong with registered capital of HK$1 which is primarily engaged in the trading of E-print and display products.
3	Customer Group B	Direct sales	Printing equipment	15,162	3.9	120 days	Bank transfer	2018	The group companies and/or associated companies of a Fortune 500 company headquartered in the United States and listed on NASDAQ, which are primarily engaged in fire service and equipment installation, wholesale of smart control system equipment and production of barcode scanners.
4	Raycloud Technology Group	Direct sales	Printing equipment	14,086	3.6	10 business days	Bank transfer	2017	The group companies of Raycloud Technology Co., Ltd. (杭州光雲科技股份有限公司), a company based in the PRC and listed on the Sci-tech Innovation Board of Shanghai Stock Exchange (stock code: 688365) with market capitalisation of over RMB6 billion, which is one of our Pre-IPO Investors, which are primarily engaged in internet technology services and production of receipt printers.
5	Posiflex Group	Direct sales	Printing equipment and scales	10,923	2.8	30 days	Bank transfer	2016	The group companies of Posiflex Technology, Inc., a company based in Taiwan, China and listed on the Taiwan Stock Exchange (stock code: 8114) with market capitalisation of over TWD22 billion, which are primarily engaged in manufacturing and sales of POS terminals and POS-related peripherals.
Total:				164,744	41.9				

FY2023

Ranking	Customer	Type of sales channel	Major products sold	Revenue (RMB'000)	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	62,609	18.0	30 days	Bank transfer	2020	As disclosed in the table above.
2	Raycloud Technology Group	Direct sales	Printing equipment	29,868	8.6	10 business days	Bank transfer	2017	As disclosed in the table above.
3	Posiflex Group	Direct sales	Printing equipment and scales	14,355	4.1	30 days	Bank transfer	2016	As disclosed in the table above.
4	Customer Group B	Direct sales	Printing equipment	12,748	3.7	120 days	Bank transfer	2018	As disclosed in the table above.
5	Partner Tech Group	Direct sales	Printing equipment	6,661	1.9	Nil *(Note)*	Bank transfer	2019	The group companies of Partner Tech Corp., a company based in Taiwan, China whose shares are traded on the Emerging Stock Board of the Taipei Exchange (stock code: 3097) with market capitalisation of over TWD2.0 billion, which are primarily engaged in manufacturing and sales of POS terminals and related peripherals.
Total:				126,241	36.2				

FY2024

Ranking	Customer	Type of sales channel	Major products sold	Revenue *(RMB'000)*	% of total revenue	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Customer background
1	Customer Group A	Direct sales	Printing equipment	41,222	11.8	30 days	Bank transfer	2020	As disclosed in the table above.
2	Raycloud Technology Group	Direct sales	Printing equipment	24,451	7.0	15 business days	Bank transfer	2017	As disclosed in the table above.
3	Customer Group B	Direct sales	Printing equipment	10,860	3.1	120 days	Bank transfer	2018	As disclosed in the table above.
4	Posiflex Group	Direct sales	Printing equipment and scales	10,559	3.0	30 days	Bank transfer	2016	As disclosed in the table above.
5	Shanghai Innovative Services Co., Ltd.* (上海鋒翔工貿有限公司)	Direct sales	Printing equipment	7,956	2.3	Nil *(Note)*	Bank transfer	2023	A private company based in the PRC with registered capital of RMB10 million and is primarily engaged in the sales of cleaning tools.
				95,049	27.2				

Note: Nil represents payment upfront in full.

Our Directors confirm that as at the Latest Practicable Date, all of our top five customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company's share capital as at the Latest Practicable Date has any interest in any of our top five customers during the Track Record Period and up to the Latest Practicable Date.

Pricing Policy

We generally adopt a cost-plus pricing method for our standardised and customised products under all the OBM, ODM and OEM models. Our product pricing policy takes into account a number of factors, including projected production volumes, estimated cost of raw materials, production and design complexities of products, logistics, currency rate, taxes, available production capacity, as well as our strategic business objective and plans. Our product pricing also reflects costs invested by us during the product development process as well as price reduction initiatives from our customers. We then include a markup over the estimated costs to determine the guidance prices of our products. We will adjust the markup depending on the market condition and the competitive environment on a case-by-case basis. We maintain separate price lists for our standardised products for overseas sales and domestic sales, respectively. The price differences for our domestic and overseas sales of standardised products reflect a variety of factors, including market conditions and logistics in the domestic and overseas markets. Meanwhile, prices of customised products are determined on a case-by-case basis with reference to our pricing policy, in particular, the level of R&D effort required, the complexity of product specifications and the projected order volume. On some occasions, we receive enquiries from customers for discounts and may offer a discounted price to customers to strategically build up our business portfolio and establish long-term relationships with them, subject to approval by our management on a case-by-case basis.

The credit terms offered to our customers including distributors vary depending on the location, credibility, industry practice, volume of purchases, the customer's bargaining power and our relationship with the customer as well as general market conditions. We generally grant a credit term of within four months to our customers and our payments are generally settled by bank transfers. For details, please refer to the section headed "Financial information – Description of Selected Items of Consolidated Statements of Financial Position – Trade and Note Receivables" in this prospectus.

LOGISTICS MANAGEMENT

Sales to PRC Customers

Our products are delivered to PRC customers or destinations by third-party courier companies, and in general, not covered by insurance. The entity responsible for bearing the transportation cost is determined on a case-by-case basis.

Sales to Overseas Customers

Our sales to overseas customers or designations are usually conducted on a free on board (FOB) basis, and third-party logistics providers, including courier companies, are engaged for delivery. Our Directors believe that any increase in transportation costs will not materially affect customer demand for our products. This is because such an increase would have an industry-wide impact on the suppliers of such products, including our competitors in the same region, if overseas customers intend to make purchases from the same regions where we are located. Additionally, our competitive strengths, including our established market position in the AIDC devices and solutions market and our comprehensive and stringent quality control and management, are expected to secure customer loyalty, and we anticipate that customers will continue to purchase from us despite the increase in transportation costs.

For delivery by sea or air freight, courier companies will deliver our products to the port or airport of departure for loading. The courier companies will then be responsible for the remaining delivery arrangement to overseas designations. For sales involving smaller quantities and shorter delivery lead times, courier companies may be engaged to provide point-to-point delivery services, and the courier charges incurred will be reimbursed by our customers.

We generally do not purchase any insurance for the delivery of goods to overseas customers or overseas designations, which is in line with industry norm. During the Track Record Period, the courier companies engaged by us were Independent Third Parties.

During the Track Record Period, there had been no material disruption or delay in the delivery of products to our customers.

SALES AND MARKETING

Geographical Location of Our Sales

We have an extensive business network in China and around the world. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

The following table sets out information about our revenue by destination of delivery and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
PRC	214,756	54.6	190,054	54.5	185,272	52.9
Asia (except the PRC)*(Note 1)*	53,232	13.5	58,860	16.9	56,894	16.3
Europe*(Note 2)*	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)*(Note 3)*	16,714	4.2	14,938	4.3	20,265	5.8
Africa*(Note 4)*	9,868	2.5	5,651	1.6	10,750	3.1
Oceania*(Note 5)*	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Notes:

1. Our sales to Asia include, among others, sales to Malaysia, the United Arab Emirates, India, Thailand, Japan, South Korea, and the Philippines but exclude the PRC.

2. Our sales to Europe include, among others, sales to Spain, Netherlands, France, Germany and Italy.

3. Our sales to the Americas include, among others, sales to Mexico, Argentina, Brazil and Canada but exclude the United States.

4. Our sales to Africa, include, among others, sales to South Africa and Algeria.

5. Our sales to Oceania include, among others, sales to Australia and New Zealand.

Our Sales and Marketing Channels

Our sales and marketing teams play a vital role in driving sales growth, promoting our products, and maintaining customer relationships. Their responsibilities include soliciting new customers, handling inquiries, preparing for exhibitions and trade fairs, producing marketing materials, and providing customer services.

Our sales and marketing are primarily conducted through (i) participating in local or international exhibitions and trade fairs; (ii) e-commerce platforms; (iii) social media platforms; (iv) direct contact with the potential or existing customers; and (v) tender by invitation. The following table sets forth details of the ways in which we reach out to potential customers and acquire new ones:

Exhibitions and trade fairs	We attend both PRC and international exhibitions and trade fairs, such as the China Retail Trade Fair (CHINASHOP), the Retail's Big Show held by the National Retail Federation (NRF), and the EuroShop to promote our products, enhance our brand recognition, and analyse the market demand for our products. Prior to each exhibition or trade fair, we will arrange intensive technical and sales training for our sales and marketing staff responsible for the exhibition or trade fair. Our technical staff will provide technical knowledge on the products, while the sales departments will train the staff on exhibition techniques. During the exhibition or trade fair, our customers can make purchase orders directly with our sales and marketing representatives and the standard sales arrangement would apply. For potential customers, our sales and marketing staff would record the customer information such as the time of the visit, their preference and the questions raised. Follow-up liaison may be initiated with the potential customers after the exhibitions and trade fairs.
E-commerce platforms	We make use of e-commerce platforms such as Tmall and Amazon to extend our reach. Such platforms allow us to advertise our products to a wide audience of potential buyers, and reach new customers who may not have otherwise been aware of our offerings. With targeted advertising options and a large user base, these e-commerce platforms allow us to reach our target market, shorten the reaching path to the end users of our products, and increase our brand visibility. End users can place orders for products that are available on our online stores at the relevant e-commerce platforms and make payments through the electronic settlement services available on such platforms. For details, please refer to "Our Sales Channels – Direct Sales – (ii) Purchase Orders" in this section.

Online content-sharing platforms

We engage our potential customers and showcase our products through our official accounts on various online content-sharing platforms, including Weibo, Weixin, Douyin, Facebook, Youtube, Youku and Bilibili. We post regular updates about our products and our business to keep the market informed of our latest developments.

Direct contact

We actively reach out to our potential customers directly by finding their contact information and making cold calls to them. We also update our existing customers about our latest products and innovations from time to time. We commonly engage in business visits to our potential and existing customers to promote our products, discuss potential partnerships or collaborations, and establish or maintain business relationship. Business visits provide an effective presentation of our products and the benefits they offer. Through direct communication with our customers, we can also gain valuable insights into the needs and preferences of our potential customers, which can be used to refine our marketing strategies and product offerings.

Tender by invitation

Occasionally, some of our customers, particularly those with large-scale business operations and specific product customisation requirements, may invite us to participate in tender by invitation. We typically learn of such opportunities through our marketing initiatives (including participation in exhibitions and trade fairs), industry networks, or publicly available information from potential customers. In considering whether to participate in a tender by invitation, we generally take into account factors such as the profitability of the business opportunity, feasibility based on our capacity, expertise and resources availability. The tender by invitation process generally begins with receiving the official tender documents, which outline the project requirements. We then submit our proposal, outlining relevant qualifications, certifications and other details, depending on the customer's specific request. If selected as the successful bidder, we would receive an official notice from our customer and proceed to negotiate and finalise the terms of the cooperation. During the Track Record Period, we participated in 31 tender by invitation with a success rate of 54.8%.

For FY2022, FY2023 and FY2024, our selling and marketing expenses amounted to RMB24.8 million, RMB22.5 million and RMB25.0 million, respectively.

After-sales Services

We strive to establish a responsive service system that provides our customers with timely hardware and software technical support, as well as advisory services and solutions. We aim to ensure that both our domestic and international customers receive excellent after-sales support. As at the Latest Practicable Date, we provided after-sales support to our customers in the New Xiamen Base. We have also set up a customer service hotline for handling complaints and product issues. Additionally, our sales team members regularly follow up with customers to gather feedback on our products. We generally allow for product returns or exchanges for defective products or damaged products based on our examination and approval. Due to our refined quality control and management, we managed to maintain a low product return rate. For FY2022, FY2023 and FY2024, the total products returned by our customers due to product defect amounted to RMB0.8 million, RMB0.1 million and RMB0.1 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product liability or legal claims on our products, nor did we experience any material complaint, product recalls, exchange or sales returns.

Our products typically come with a standard 12-month quality warranty from the date of acceptance. During the warranty period, we provide free maintenance, repair or replacement of certain parts or accessories for manufacturing defects. After the warranty period, we also provide paid repair service for our products.

SEASONALITY

Our Group's revenue is generally not significantly impacted by seasonality factors due to our diversified product mix and established customer base across different countries. In the fourth quarter of 2024, we had slightly more purchase orders before festivals, including Halloween, Double 11 Shopping Festival, Black Friday, Double 12 Shopping Festival and Christmas. Our results of operations may be affected by seasonal fluctuations in demand for our products in the future and the degree of seasonality may vary from year to year.

THIRD PARTY PAYMENTS

Background

During the Track Record Period, some of our customers (the "**Relevant Customer(s)**") settled their payments to us through third party payors (the "**Third Party Payment Arrangement(s)**"). In FY2022, FY2023 and FY2024, the number of the Relevant Customers was 100, 114 and 28, respectively, and the number of the third party payors was 127, 149 and 32, respectively. The revenue attributable to transactions subject to the Third Party Payment Arrangements was approximately RMB13.9 million, RMB14.5 million and RMB8.2 million for FY2022, FY2023 and FY2024, respectively, representing approximately 3.5%, 4.2% and 2.3% of our total revenue for the corresponding periods. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. During the Track Record Period, (i) the Relevant Customers primarily comprised overseas customers who purchased our products through direct sales; and (ii) the third party payors principally comprised the customers, suppliers or agents of the Relevant Customers who have business dealings with the Relevant Customers, and third party financial institutions entrusted by the Relevant Customers. To the best knowledge of our Directors after making reasonable enquiries, (i) the Third Party Payment Arrangements were generally required to be made by certain Relevant Customers to save time and costs for foreign exchange settlement in international transactions due to business convenience; (ii) all of the Relevant Customers and the third party payors were Independent Third Parties; and (iii) save as disclosed above, none of the Relevant Customers or their respective third party payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with our Company, its subsidiaries, Shareholders, Directors or senior management, or any of their respective associates. As confirmed by our Directors, we have ceased to accept sales orders with settlement of payments through third party payors since 30 September 2024. Considering that (i) the total amount of transactions subject to the Third Party Payment Arrangements accounted for less than 5% of our total revenue for each of FY2022, FY2023 and FY2024, and was minimal to our business; and (ii) all trade receivables associated with sales orders settled by third party payors have been fully settled as at the Latest Practicable Date, our Directors are of the view that the cessation of the Third Party Payment Arrangements has not materially impacted our liquidity or financial performance up to the Latest Practicable Date.

As advised by our PRC Legal Advisers, the Third Party Payment Arrangement(s) is merely an assignment of liability from the Relevant Customers to third party payors pursuant to the Civil Code of the PRC (中華人民共和國民法典) and the Third Party Payment Arrangement(s), once it comes into effect, constitute valid and binding obligations on each of the parties involved, and such arrangement(s) itself do not contravene or circumvent the (i) Civil Code of the PRC; and (ii) applicable money-laundering laws in all material aspects provided that the receipt of payment was performed solely as settlement of sales of goods and not related to any criminal proceeds. The pricing and payment terms we provide to the Relevant Customers are generally in line with those of customers not involved in the Third Party Payment Arrangements. To the best knowledge and information of the Company, we had not been the subject of any investigations, enquiries, penalties, surcharges or additional tax payments as a result of the Third Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Internal Control Measures

To safeguard our interest against risks associated with Third Party Payment Arrangements, we have implemented various internal control measures to mitigate the relevant risks, including, among other things:

(i) our finance department shall verify the consistency of the payor's bank account information with the customer's bank account information stated in the contract or obtained from the customer;

(ii) if any third party payment is identified, we will arrange refund and request the customer to arrange payment directly; and

(iii) our internal audit department shall conduct random inspections on the implementation of the above measures from time to time to ensure compliance.

BUSINESS ACTIVITIES WITH REGION SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organisation, including the United States, the European Union, the United Kingdom, the United Nation, and Australia (the "**Relevant Jurisdictions**"), maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries or territories for which the Relevant Jurisdictions maintain various forms of sanctions programs in place.

Products provided to a country subject to International Sanctions

During the Track Record Period, we sold printing equipment to a customer located in Iran (the "**Iran Customer**"), a country subject to International Sanctions. We became acquainted with the Iran Customer, a company principally engaged in the sale of printing equipment business, at an international exhibition and trade fair and established business relationship with them in around 2018. During the Track Record Period, we delivered products directly to Iran upon receipt of purchase orders from the Iran Customer. For FY2022, FY2023 and FY2024, our sales to the Iran Customer which could potentially implicate restrictions under International Sanctions amounted to approximately nil, RMB0.5 million and nil, representing nil, 0.1% and nil of our total revenue, respectively. We have ceased all of our transactions relating to Iran since January 2024. Given the de minimis transaction amount with the Iran Customer, our Directors are of the view that such cessation does not have any material impact on our Group's financial position and business operations.

Our legal adviser as to International Sanctions law performed the following procedures to evaluate our risk of exposure to penalties imposed under International Sanctions laws and regulations:

(a) reviewed documents provided by us about our Group, our business operations, revenue and sales contracts or purchase orders. The review involved understanding of our Group's method of sales and marketing, where those sales and marketing efforts took place, advertising and promotional efforts, delivery efforts, the methods by which our Group invoiced and received payments for its product deliveries and a number of other factors;

(b) reviewed the Iran Customer against the lists of persons and organisation subject to International Sanctions, and confirmed that they are not on such lists; and

(c) as confirmed by our Company, neither our Group nor any of our affiliates (including any representative office, branch, subsidiary or other entity which forms part of our Group) conducted during the Track Record Period any business dealings in or with any other countries or persons that are subject to International Sanctions, other than the extremely limited transaction with the Iran Customer.

Following the aforementioned due diligence process, our legal adviser as to International Sanctions laws reached conclusions on a number of factors that were critical to forming views on any risks that were presented by our Group's business in sanctioned countries or jurisdictions, including primary sanctioned activity or secondary sanctionable activity. These conclusions included the following:

(i) neither our Company nor any of our Group entities are incorporated in the United States and our Group does not maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States;

(ii) none of our Company and its subsidiaries, nor any of their respective directors and senior officers are U.S. persons;

(iii) no U.S. persons employed or otherwise engaged by our Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of our Group involving the sanctioned countries or jurisdiction;

(iv) no financing or financial assistance has been received by our Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States;

(v) no products supplied, sold, exported or otherwise transferred by our Group to the Relevant Jurisdictions incorporate more than 10% value of U.S.-origin content;

(vi) none of the finished products sold to the Iran Customer were covered by U.S. owned intellectual property rights;

(vii) none of our Group's counterparties during the Track Record Period was an individual, entity or organisation that has been designated as a Specially Designated Nationals or Blocked Person ("**SDNs**");

(viii) no services have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List, Denied Parties List, the Military End User List (Supplement No. 7 to part 744 of the EAR (as defined in Clause 4.2.2)) or Unverified List (collectively, the "**BIS List**");

(ix) our Group's services and activities did not involve industries or sectors that are currently subject to specific sanctions by the United States;

(x) our Group sold an extremely limited volume of printing equipment in a manner where such products were delivered to Iran; other than those limited number of transactions, our Company has not undertaken, either directly or indirectly, a contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Cuba, Iran, North Korea, Sudan, Syria or the sanctioned areas of Ukraine (these countries or territories are currently subject to comprehensive U.S. sanctions). The total revenue in U.S. dollar received from our Group's sales to Iran that were delivered to Iran was in aggregate approximately nil, 0.1% and nil of our Group's total revenue, for FY2022, FY2023 and FY2024, respectively;

(xi) with respect to the transactions involving the Iran customer, the U.S. dollar payments prior to FY2022 were so small to be de minimis. Further, none of the Iranian sales contracting parties or any entity, person or organisation involved are specially identified as SDNs by the Office of Foreign Assets Control of the Department of the Treasury of the U.S. ("**OFAC**"). Lastly, our Group discontinued all contacts, including sales efforts and product deliveries to Iran in January 2024, and has implemented policies to assure that none of its products will be sold or delivered to Iran after that date; and

(xii) the goods involved in our Group's minimal sales to Iran were all non-U.S. origin products which, had they been of U.S. origin, would be classified as EAR99 under the U.S. Export Administration Regulations. In other words, they were not listed on the U.S. Commerce Control List under a specific ECCN.

Based on the due diligence investigation of our Company's legal adviser as to International Sanctions laws and the conclusions itemised above, our Company's legal adviser as to International Sanctions laws further considered that the sales activities to Iran did not involve any intentional wrongdoing, negligence or disregard for international rules and regulations. Given the scope of our Global Offering and the expected use of proceeds as set out in this prospectus, our legal advisers as to International Sanctions law is of the view that (i) the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on such parties, including our Company, our investors, our Shareholders, the Stock Exchange and its Listing Committee and group companies, or any person involved in the Global Offering; and (ii) accordingly, the sanction risk exposure to our Company, our investors and our Shareholders, and persons who might, directly or indirectly, be involved in permitting the Listing, trading and clearing of our Shares (including the Stock Exchange, its Listing Committee and related group companies) is very low. Furthermore, our Company confirms and undertakes that the proceeds from the Global Offering would not be used to finance or facilitate activities or business with any sanctioned country and sanctioned target.

Our Directors confirm that we have not been notified that any International Sanctions will be imposed on us for our products provided to Iran during the Track Record Period. As advised by our legal advisers as to International Sanctions law, the Iran Customer is not specifically identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or other restricted parties lists maintained by the United States, the European Union, Australia and the United Nation and therefore would not be deemed as a sanctioned target. As advised by our legal advisers as to International Sanctions law, our products provided to Iran during the Track Record Period did not involve industries or sectors that are currently subject to International Sanctions and therefore are not deemed to be prohibited activities under the relevant International Sanctions and there is no investigation of any kind or by any regulatory or government authority regarding our sales to Iran.

As a result, our Company's legal adviser as to International Sanctions laws has concluded that there is no material risk that any regulator would impose sanctions in connection with these transactions, and no remedial actions are necessary to be conducted by the Group related to the Iran transactions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the view of our Company's legal adviser as to International Sanctions laws, there is no apparent or material sanctions risk, including primary sanctioned activity or secondary sanctionable activity, presented by our Group's business transactions during the Track Record Period.

Our internal control measures to minimise sanctions risks

In order to identify and monitor our exposure to risks associated with International Sanctions laws relating to these sales, we have implemented the following measures to control and monitor our exposure to sanctions risks:

– we have adopted a trade compliance policy for the purposes of complying with applicable International Sanctions enacted by Relevant Jurisdictions;

– our trade compliance policy includes appropriate procedures (i) to screen foreign customers and suppliers against the lists of individuals, entities, and regions subject to International Sanctions enacted by the Relevant Jurisdictions; (ii) to determine the extent to which our business with foreign customers and suppliers may expose our Company to legal, commercial, or reputational risks; and (iii) to determine appropriate measures to mitigate such risks;

– our Board oversees and coordinates the implementation of the trade compliance policy;

– our Board has engaged external legal advisers with relevant expertise and experience in International Sanctions matters to evaluate the sanctions risk as and when necessary and formulates risk management measures taking into account the advice and recommendations provided by such external legal advisers;

- we regularly arrange compliance training for our Directors, senior management, and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations; and

- our Board will monitor and regulate the use of proceeds from the Global Offering to ensure that such proceeds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any sanctioned country or any other government, individual, or entity sanctioned by the Relevant Jurisdictions.

Our Company confirms and undertakes not to enter into any future business or make any future sales to Iran or any comprehensive sanctioned countries or targets that would implicate restrictions under International Sanctions. Our Directors are of the view that, and as concurred by the Sole Sponsor, based on the advice of our legal adviser as to International Sanctions, the above measures are adequate and effective for us to comply with applicable International Sanctions laws and to address sanctions risks, and our transactions with the Iran Customer during the Track Record Period did not result in, and we are not subject to, any material sanctions risk.

SUPPLIERS

We select and procure raw materials from third-party suppliers. The raw materials for our products primarily include printheads, motors, batteries, PCBAs, ICs and other hardware components. We generally procure such raw materials from PRC suppliers. We select our suppliers based on a number of factors, including but not limited the history of our relationship with them, product quality, supply capacity, price, and proximity with our production base.

Our cost of raw materials in relation to production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively. The total purchase of our top five suppliers in each year amounted to approximately RMB79.3 million, RMB70.4 million and RMB55.9 million for FY2022, FY2023 and FY2024, respectively, representing approximately 26.1%, 26.7% and 22.3% of our total cost of sales during the same period. During the same periods, the purchase from our largest supplier amounted to approximately RMB35.2 million, RMB31.5 million and RMB22.9 million, respectively, accounting for 11.6%, 12.0% and 9.1% of our total cost of sales, respectively. We have developed stable relationships with our top five suppliers for the Track Record Period ranging from four to seven years. For a sensitivity analysis of the impact of fluctuations in our cost of raw materials, please refer to the section headed "Financial Information – Significant Factors Affecting Our Financial Condition and Results of Operations – Relationship with Our Suppliers and Cost of Raw Materials – Sensitivity Analysis" in this prospectus.

The following table sets forth our top five suppliers during the Track Record Period and their respective background information:

FY2022

Ranking	Supplier	Major products purchased	Purchase	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
			(RMB'000)					
1	Shun Bai Group	Printheads and other hardware components	35,225	11.6	30 days	Bank transfer	2017	A private company based in the PRC with RMB5 million, and its subsidiary based in the PRC, which are primarily engaged in the wholesale and sales of electronic devices.
2	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	12,374	4.1	90 days	Bank transfer	2017	A private company based in the PRC with registered capital of approximately RMB0.6 million, which is primarily engaged in the manufacturing, wholesale and retail of plastic products and metal products.
3	Shandong Hualing Electronics Co., Ltd.* (山東華菱電子股份有限公司)	Printheads	11,864	3.9	30 days*(note)*	Bank transfer	2017	A private company based in the PRC with registered capital of RMB95.6 million, which is primarily engaged in development, design and manufacturing of thermal print heads and supporting electronic components.
4	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	11,562	3.8	30 days	Bank transfer	2019	A private company based in the PRC with registered capital of RMB20 million, which is primarily engaged in R&D of power supply technology and testing, production and sales of electronic products.
5	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	8,234	2.7	60 days	Bank transfer	2017	A private company based in the PRC with registered capital of RMB2 million, which is primarily engaged in the manufacturing and sales of plastic products.
Total:			79,259	26.1				

FY2023

Ranking	Supplier	Major products purchased	Purchase	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
			(RMB'000)					
1	Shun Bai Group	Printheads and other hardware components	31,522	12.0	30 days	Bank transfer	2017	As disclosed in the table above.
2	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	13,263	5.0	30 days	Bank transfer	2019	As disclosed in the table above.
3	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	9,456	3.6	90 days	Bank transfer	2017	As disclosed in the table above.
4	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	9,185	3.5	60 days	Bank transfer	2017	As disclosed in the table above.
5	Xiamen Xinheda Electronics Co., Ltd.* (廈門信和達電子有限公司)	Other hardware components	6,996	2.7	30 days	Bank transfer	2017	A private company based in the PRC with registered capital of RMB100 million, which is primarily engaged in the retail and wholesale of electronic products and other mechanical equipment.
			70,422	26.7				

FY2024

Ranking	Supplier	Major products purchased	Purchase	% of total cost of sales	Typical credit term	Payment methods	Calendar year of commencement of business relationship	Supplier background
			(RMB'000)					
1	Shun Bai Group	Printheads and other hardware components	22,859	9.1	30 days	Bank transfer	2017	As disclosed in the table above.
2	Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	Other hardware components	9,415	3.8	60 days	Bank transfer	2017	As disclosed in the table above.
3	Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司)	Other hardware components	8,537	3.4	60 days	Bank transfer	2019	As disclosed in the table above.
4	Xiamen Ningjia Industry and Commerce Co., Ltd.* (廈門寧佳工貿有限公司)	Other hardware components	8,357	3.3	90 days	Bank transfer	2017	As disclosed in the table above.
5	JWIPC Technology Co. Ltd.	Other hardware components	6,742	2.7	30 days	Bank transfer	2021	A company based in the PRC and listed on Shenzhen Stock Exchange (stock code: 001339) with market capitalisation of over RMB14 billion, which is primarily engaged in the provision of intelligent Internet of things (IoT) hardware products and solutions.
Total			55,910	22.3				

Note: Nil represents payment upfront in full.

Our Directors confirm that as at the Latest Practicable Date, all of our top five suppliers were Independent Third Parties. To the best knowledge of our Directors, none of our Directors and their respective close associates or any of the Shareholders holding more than 5% of our Company's share capital as at the Latest Practicable Date has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we did not experience any material dispute with our suppliers, difficulties in the procurement of our raw materials, interruptions in our operations due to a shortage or delay of raw materials or significant fluctuations in material prices. We do not rely on any of our current suppliers as there are viable substitutes available on the market to meet our needs at a comparable price and quality. We keep a list of qualified suppliers for our principal raw materials. Selection of the qualified suppliers are based on various criteria, including quality, price, location, and reputation. We are able to secure a stable raw materials supply and procure raw materials at competitive market prices as we believe our good trade reputation, large production scale and relationships with our suppliers make us one of their preferred business counterparties.

We generally enter into supply framework agreements with our suppliers and place individual procurement orders for each procurement. We and our suppliers generally determine the unit price of the materials for a specified purchase quantity with reference to the type and market price of the raw materials. Set out below is a summary of the salient terms of the typical supply framework agreements with our suppliers:

Term	The supply framework agreements generally have a term of one year, with an automatic renewal clause upon expiration.
Raw materials	The type and specification of raw materials required are specified in the individual procurement orders.
Minimum purchase amount	We are not required to purchase a specified minimum purchase amount. The quantity of raw materials required is specified in the individual procurement orders.
Payment and settlement terms	Our suppliers generally offer us a credit term of nil to 90 days. Settlement shall be made by bank transfer or bank drafts.
Delivery	The locations, delivery date and manner of delivery are specified by us in the individual procurement orders.
Product exchange and return	For raw materials that do not meet the required standards, we are entitled to request a return or exchange. Upon notification, suppliers shall promptly retrieve and replace the substandard raw materials.
Termination	We may terminate the supply framework agreements and claim for losses if the quality of the raw materials does not meet the required standard.

In addition, we generally require our suppliers to sign quality assurance agreements and they are responsible for any quality defect that are caused by the substandard direct materials supplied. Set out below is a summary of the salient terms of the typical quality assurance agreements with our suppliers:

Term	The quality assurance agreements generally have a term of one year, with an automatic renewal clause upon expiration.
Required standards	The required standards of quality management systems and inspection of raw materials are set forth in the quality assurance agreement. We typically require our suppliers to satisfy our acceptance inspection pursuant to the GB2828 standard.
Quality assurance procedures	Our suppliers shall conduct quality control of raw materials and keep proper records for our inspection. We may supervise, inspect and assess the quality control of our suppliers' production process. Our suppliers are required to furnish a quality inspection report to our quality inspection office, and we shall conduct sampling inspections upon delivery of raw materials.
Suppliers' liability for quality defects	Our suppliers shall repair or replace the defective raw materials and be responsible for all costs incurred.
Compensation for damages	If our production is halted due to substandard raw materials, our suppliers shall compensate us for our loss. If our products are returned, exchanged or recalled due to supplier-related quality issues, or if any demands, complaints or litigation arise from substandard products caused by our suppliers' fault, our suppliers shall be responsible for all losses, damage, costs and expenses.

Overlapping Customers and Suppliers

During the Track Record Period, two of our major suppliers were also our customers as we sold unused raw materials to them. According to Frost & Sullivan, and as concurred by our Directors, it is not uncommon for companies in the AIDC device industry to sell unused raw materials to overlapping customers and suppliers because it (i) promotes effective inventory management, reduces costs associated with excess inventory or unused materials and freeing up warehouse space; (ii) strengthens relationships with existing customers and suppliers, fostering collaboration within the supply chain; and (iii) aligns with sustainability efforts and ESG practice by promoting the reuse of materials. The following table sets out the details of our major suppliers who were also our customers during the Track Record Period:

Name of entity	Amount of purchases by us and percentage to our total cost of sales	Products purchased by us	Amount of sales by us and percentage to our total revenue	Products sold by us	Gross profit from sales to our supplier and gross profit margin
Shun Bai Group	FY2022: RMB35.2 million (11.6%)	Raw materials for production, including printheads and other hardware components	FY2022: RMB1.0 million (0.3%)	Unused raw materials	FY2022: RMB46,641 (4.7%)
	FY2023: RMB31.5 million (12.0%)		FY2023: nil		FY2023: nil
	FY2024: RMB22.9 million (9.1%)		FY2024: nil		FY2024: nil
Xiamen Shengjiahe Plastic Industry Co., Ltd.* (廈門市勝佳和塑膠工業有限公司)	FY2022: RMB8.2 million (2.7%)	Raw materials including hardware components for production	FY2022: RMB721 (0.0%)	Unused raw materials	FY2022: RMB147 (20.5%)
	FY2023: RMB9.2 million (3.5%)		FY2023: RMB1,732 (0.0%)		FY2023: RMB291 (16.8%)
	FY2024: RMB9.4 million (3.8%)		FY2024: nil		FY2024: nil

INVENTORY MANAGEMENT

Our inventories mainly consist of (i) raw materials; (ii) work-in-progress; and (iii) finished products. We regularly monitor our inventory level through our ERP system. In order to maintain the accuracy of our inventory records, we perform both regular and random stock checks. Our warehouses are equipped with humidity and temperature control systems to ensure the proper storage of our raw materials and products.

Our products are principally produced after receiving purchase orders from or signing one-off sales agreements with our customers. We also maintain our inventory level for standardised products on a rolling basis with at least one inventory assessment being conducted every month, so as to cater for standardised products orders and urgent orders. Our Directors consider that there is no significant risk of inventory obsolescence.

Generally, provision will be made for inventories which are considered obsolete after taking into account the ageing of the inventory items, movement and usefulness or residual value of the inventories. We did not experience any material shortage of supply or overstock of inventory during the Track Record Period and up to the Latest Practicable Date. As at 31 December 2022, 2023 and 2024, our provision for impairment of inventories amounted to approximately RMB12.6 million, RMB13.4 million and RMB8.9 million respectively mainly due to obsolete stocks and slow-moving stocks.

As at 31 December 2022, 2023 and 2024, our inventories amounted to RMB90.0 million, RMB87.2 million and RMB64.4 million, respectively, which represented 35.2%, 37.8% and 35.6% of our total current assets respectively. Our average inventory turnover days were 127 days, 123 days and 110 days for FY2022, FY2023 and FY2024.

LICENCES, PERMITS AND APPROVALS

The table below sets out details of licences, certificates and registrations which we consider material to our operation as at the Latest Practicable Date:

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
Our Company	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	5 May 2022	N/A *(Note 2)*
	Registration Form of Enterprises Applying for Entry-Exit Inspection and Quarantine (《出入境檢驗檢疫報檢企業備案表》)	Xiamen Entry-exit Inspection and Quarantine Bureau of the People's Republic of China (中華人民共和國廈門出入境檢驗檢疫局)	23 June 2015	N/A *(Note 2)*
	Acknowledgement of Receipt for Registration of Pollutant Discharge from Stationary Pollution Source (《固定污染源排污登記回執》)	National Information Platform for the Management of Pollutant Discharge Permits (全國排污許可證管理信息平台)	11 September 2024	10 September 2029

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
	Permission of the discharge of urban sewage into the drainage pipe network (《城鎮污水排入排水管網許可證》)	Municipal Bureau of Public Facilities and Landscaping of Tongan District, Xiamen (廈門市同安區市政園林局)	6 April 2022	5 April 2027
	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A (Note 1)	31 December 2099
Rongta Trade	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC(《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A (Note 1)	31 December 2099
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	6 May 2022	N/A (Note 2)
IMachine	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A (Note 1)	31 December 2099
Xingbang Trade	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A (Note 1)	31 December 2099

Entity	Licence/Permit/Approval	Issuing Authority	Issue Date	Expiry Date
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	5 May 2022	N/A *(Note 2)*
Rongta LiZhong	Recordation receipts from credit publicity platform of import and export business of Customs of the PRC (《中國海關企業進出口信用信息公示平台(備案回執)》)	Credit publicity platform of import and export business of Customs of the PRC (中國海關企業進出口信用信息公示平台)	N/A *(Note 1)*	31 December 2099
	Archival Filing and Registration Form of Foreign Trade Operator (《對外貿易經營者備案登記表》)	Registration Authority of Foreign Trade Operator of Tongan Xiamen (廈門同安對外貿易經營者備案登記)	12 December 2022	N/A *(Note 2)*

Notes:

1. No issue date is stated on the credit publicity platform of import and export business of Customs of the PRC.

2. No expiry date for such licence/permit/approval.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licences, permits and approvals from relevant authorities for our operations in all material respects, and such licences, permits and approvals had remained in full effect and no circumstances existed that would render their revocation or cancellation. We are required to renew such licences, approvals and permits from time to time or to obtain new licences, permits and approvals. As advised by our PRC Legal Advisers, there is no legal impediment to renewing our licences, approvals and permits. We do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

AWARDS AND RECOGNITION

The following table sets out a summary of the major awards and recognition we received during the Track Record Period and up to the Latest Practicable Date:

Year	Award or Recognition	Issuing Entity
2024	Red Dot Award: Product Design 2024 (for our desktop POS terminal)	Design Zentrum Nordrhein Westfalen
2024	iF Design Award 2024 (for our desktop POS terminal)	iF International Forum Design GmbH
2024	Fujian Top 100 Private Enterprises in Social Responsibility (福建省民營企業社會責任100佳)	Fujian Federation of Industry and Commerce (福建省工商業聯合會)
2024	National Specialised and New Key Little Giant Enterprise (國家級專精特新重點小巨人企業)	Ministry of Industry and Information Technology of the PRC (中國工業和信息化部)
2024	Egret Bronze Award (白鷺銅獎) at the 6th "Egret Cup" Cross-Strait Industrial Design Competition (中國廈門第六屆 "白鷺杯"海峽工業設計大獎賽)	Organising Committee of the "Egret Cup" Cross-Strait Industrial Design Competition ("白鷺杯"海峽工業設計大獎賽組委會)
2023	National High and New Enterprise (國家高新技術企業)	Xiamen Municipal Science and Technology Bureau (廈門市科學技術局), Xiamen Municipal Finance Bureau (廈門市財政局) and Xiamen Municipal Taxation Bureau of the State Administration of Taxation (國家稅務總局廈門市稅務局)

Year	Award or Recognition	Issuing Entity
2023	Xiamen Top Ten High-growth Talent Enterprise (廈門十大高成長人才企業)	Xiamen Municipal Party Committee Talent Office (廈門市委人才辦), Xiamen Municipal Human Resources and Social Security Bureau (廈門市人社局), Xiamen Municipal State-owned Assets Supervision and Administration Commission (廈門市國資委), Xiamen Municipal Science and Technology Bureau (廈門市科技局) and Xiamen Torch High-tech Zone Management Committee (廈門火炬高新區管委會)
2023	Xiamen Top Ten Specialised and New Enterprise (廈門專精特新十強企業)	Xiamen Federation of Enterprises and Entrepreneurs (廈門企業和企業家聯合會)
2023	Fujian Province Green Factory (福建省綠色工廠)	Fujian Provincial Department of Industry and Information Technology (福建省工業和信息化廳)
2023	Advanced Manufacturing Doubling Plan Enterprise (先進製造業倍增計劃企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)
2023	Xiamen Key Industrial Enterprise (廈門市重點工業企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)
2022	National Superior Intellectual Property Enterprise (國家級知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)
2022	Xiamen's Most Promising Small and Medium-sized Enterprise (廈門市最具成長型中小微企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工業和信息化局)

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as policies based on our assessment of our operational needs and industry practice. Consistent with customary practice in China, we did not carry any business interruption or litigation insurance policies, which are not mandatory according to the laws and regulations of the PRC. We maintain different types of insurance policies, including employer's liability insurance and property insurance. Our Directors consider that our existing insurance coverage is in line with industry norm and is sufficient for our present operations. In addition, we had duly maintained all material insurance policies in compliance with the relevant PRC laws and regulations during the Track Record Period. For details, please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – Our insurance policies may not be adequate to cover all risks of loss associated with our business operations" in this prospectus. During the Track Record Period, we did not experience any material insurance disputes.

EMPLOYEES

As at 31 December 2024, we had 607 employees in total, all of whom are based in the PRC. The following table sets forth the number of our employees by functions as at 31 December 2024:

Functions	**Number of employees**
General management and administration	48
R&D and technical	123
Production	224
Sales and marketing	66
Finance	16
Quality control	66
Inventory and procurement	64

We recruit employees based on various factors, including the relevant requirements of the positions, the prevailing market conditions, as well as the qualifications, work experience, technical expertise and cultural fit of the candidates. We value human resources and assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

We recognise the importance of equal opportunity and diversity in our workplace. We have a zero-tolerance policy towards any form of discrimination based on race, colour, religion, sex, marital status, age, national original, or any considerations deemed inappropriate by local labour laws. We encourage diversity in our workforce and strive to create an inclusive workplace that values the unique perspectives, experiences and backgrounds of our employees.

In compliance with the relevant PRC labour laws, we enter into individual employment contracts with each of our employees covering matters including wages, bonuses, employment benefits, workplace safety and grounds of termination. Some of our employees are also required to comply with confidentiality and non-competition obligations.

In addition to our employees as mentioned above, we may have labour dispatch and project outsourcing arrangements to allow us to maintain a sufficient and flexible level of labour force to meet our operation needs from time to time. The labour dispatch arrangement primarily helps address our occasional demand for short-term employment. Meanwhile, project outsourcing arrangement is mainly in place to meet the demand for seasonal or project-based labour.

As advised by our PRC Legal Advisers, labour dispatch is an arrangement where the employment agent recruits and dispatches workers to the employing company, and the employing company directly commands and manages the dispatched workers, who are required to follow the rules and policies of the employing company. If any damage is caused to the dispatched workers by the employing company, the employment agent and the employing company shall assume joint and several liabilities. Project outsourcing, on the other hand, is an arrangement where the instructing company outsources certain works or tasks to a labour service provider, and the labour service provider arranges its own personnel to complete the works or tasks according to the requirements of the instructing company. The labour service provider fully bears the employment risks and is responsible for the compensation or reimbursement for any casualties and work injuries of the outsourced workers. During the Track Record Period and up to the Latest Practicable Date, we had not had any material dispute with our employment agent or labour service providers in relation to the labour dispatch and project outsourcing arrangements.

In January 2024, we entered into a labour dispatch agreement with an employment agent for a term of one year whereby the employment agent shall dispatch suitable workers to fulfil our job requirements on mutually agreed terms, including the number of workers to be dispatched, the requirements of the dispatched workers, period of the dispatch, and wages and benefits of the dispatched workers. Pursuant to the labour dispatch agreement, we pay the employment agent based on the number of workers dispatched, and the employment agent is in turn responsible for arranging payment of wages, social insurance premiums, housing provident fund and other welfare payments to the dispatched worker as required by the PRC laws and regulations. During the Track Record Period, only one worker was dispatched by the employment agent as a sales assistant of our Group pursuant to the labour dispatch agreement, and such dispatch arrangement had been terminated. To the best knowledge of our Directors, the wages, social insurance premiums, housing provident fund and other welfare payments of the sales assistant dispatched to our Group had been duly settled by the employment agent. Save for the above, we did not have any other labour dispatch arrangement during the Track Record Period and up to the Latest Practicable Date. There is no employment relationship between us and the dispatched worker under the labour dispatch arrangement. As advised by our PRC Legal Advisers, given that the dispatched worker was employed in a temporary, auxiliary or substitute job position, and that the number of dispatched workers did not exceed 10% of the total number of employees of our Group, our labour dispatch arrangement has been in compliance with the requirements under the applicable PRC laws and regulations in all material respects, including but not limited to the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) (the "**Labour Dispatch Provisions**").

During the Track Record Period and up to the Latest Practicable Date, we also entered into project outsourcing agreements with labour service providers, whereby the labour service providers provide project outsourcing services to us to work on production projects on mutually agreed terms. Set out below is a summary of the salient terms of the standard project outsourcing agreements with our labour service providers:

Term	The project outsourcing agreements typically have a term of one year.
Service scope	The labour service providers shall arrange suitable personnel to attend our production facilities to work on production projects.
Service fee	We pay the labour service providers based on quantity of products completed by the outsourcing workers multiplied by the agreed unit price of the product.
Employment nature	The outsourced workers are employed by the labour service providers and do not have direct employment relationship with us. The labour service providers are responsible for employment of the outsourced workers, as well as arranging payment of wages, social insurance premiums, housing provident fund and other welfare payments to the outsourced workers.
Work procedures	We are responsible for notifying the labour service providers in writing of the production missions, tasks, operation standards and work procedures of the production.
Management and training of workers	The labour service providers are responsible for (i) management of the outsourced workers in accordance with our internal policies; and (ii) arrangement of pre-employment training for the outsourced workers.

Work results	The labour service providers are responsible for the work results delivered by the outsourced workers, and we assess and accept the work results in accordance with our production quality standards.

For FY2022, FY2023 and FY2024, the total project outsourcing fees paid by us to our labour service providers amounted to approximately RMB4.1 million, RMB1.7 million and RMB1.2 million, respectively, accounting for approximately 1.4%, 0.6% and 0.5% of our total cost of sales, respectively. During the Track Record Period, our outsourced workers were mainly involved in product assembly, packing and handling. As advised by our PRC Legal Advisers, (i) our project outsourcing arrangements do not have the characteristics of labour dispatch as stipulated in the Labour Dispatch Provisions, and therefore the Labour Dispatch Provisions are not applicable to our project outsourcing arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, our project outsourcing arrangements have been in compliance with the requirements under the applicable PRC laws and regulations in all material respects. To the best knowledge of our Directors, the wages, social insurance premiums, housing provident fund and other welfare payments of the workers outsourced to our Group during the Track Record Period had been duly settled by the labour service providers.

We believe that our employees are our most valuable asset. We invest in the development of our employees and we provide ongoing training and education opportunities for them to upgrade their skills and knowledge continuously. All our new recruits will be provided with an induction programme to get familiar with our work environment, followed by on-the-job training based on departmental needs and our development strategies. Depending on the specific roles of the employees, we also provide various in-house or external trainings to our employees covering subjects such as product knowledge, safety awareness, leadership, market development and presentation skills.

We have a labour union which represents the interests of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant labour dispute, nor had we experienced any material difficulties employees. We believe that we have maintained good working relationship with our employees.

COMPETITION

The global retail AIDC devices market is relatively fragmented, with established leaders in various sub-segments, including specialty printers, scales, POS terminals and PDAs, in terms of business and product development. The PRC market accounted for approximately 16.6% of the global market share in 2023, which was overall fragmented with more than 2,500 industry participants. The market players in the PRC can be broadly classified by the geographical location of the company base, i.e. (i) international or (ii) domestic, and further segmented by the scope of services offered within the AIDC device solutions value chain. The specialty printer market in the PRC is relatively competitive, with the top five players contributing to 28.0% of the entire market in terms of revenue. Our Group ranked the ninth with revenue of RMB153.8 million in 2023, accounting for 1.8% of the total specialty printer market share in the PRC. Meanwhile, our Group is the second largest specialty printer provider based in Fujian province in the PRC in 2023 in terms of market share. The scale market in the PRC is relatively fragmented, with the top five players contributing to only 36.0% of the entire market in terms of revenue. The Group recorded the revenue of RMB21.9 million through the sales of scales in the PRC in 2023, accounting for a market share of 1.0%. The POS terminal and PDAs market in the PRC is relatively competitive, with the top five players contributing to 9.7% of the entire market in terms of revenue. The Group recorded the revenue of RMB0.8 million through the sales of POS terminals and PDAs in the PRC, accounting for a market share of 0.002%.

Entry barriers of the AIDC devices market largely lie in company's branding, track record of project delivery, qualification barriers, market know-how, high conversion costs due to customised R&D services, and technical requirement for payment security. Our Directors are of the view that we have distinguished ourselves in the competitive industry leveraging on our position as an established specialty printer provider with a global sales network.

For details on our competitive landscape, please refer to our section headed "Industry Overview – Competitive Landscape".

INTELLECTUAL PROPERTIES

We consider safeguarding our intellectual property rights as a crucial element of our business success and we have a steadfast commitment to protecting them. As at the Latest Practicable Date, we had 164 registered patents in the PRC, of which 21 are invention patents, 88 are utility model patents, and 55 are design patents. We also possessed 32 registered software copyrights. For details of the intellectual property rights owned by our Group, please refer to the section headed "Statutory and General Information – B. Further Information About Our Business – 2. Our Material Intellectual Property Rights" in Appendix VII to this prospectus. We typically develop all technologies applied in our products and own all the intellectual property rights in this regard. On limited occasions, the intellectual properties of the technologies we develop for our customised products may belong to our customers under the terms of our agreements with them. For example, we were engaged by Raycloud Technology, one of our top five customers for each of FY2023 and FY2024, to develop a customised label printer, and the agreement specifies that the intellectual properties of the product belong to Raycloud Technology. During the Track

Record Period and up to the Latest Practicable Date, there had been no material infringement of our intellectual property rights and we believe that we have taken all reasonable measures to prevent any infringement of our own intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Legal and Compliance – Legal Proceedings" in this section, there had been no legal proceedings or pending legal proceedings against us regarding infringement of the others' intellectual property rights by us.

We have entered into agreements with certain key R&D personnel, under which the intellectual property rights developed during their employment belongs to us and they agree to waive all relevant rights or claims to such intellectual property rights. The agreements also contain confidentiality provisions to protect our rights to all invention, technology know-how and trade secrets that may arise during the R&D process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Policy

For the sake of both the environment and our society, we take the initiative to conserve the environment and recognise our social obligations with regard to climate-related issues. Our goal is to reduce the environmental effect of our operations while fostering environmental consciousness and social responsibility at every organisational level. We pledge to adhere to the reporting obligations for environmental, social, and governance (ESG) starting on the Listing Date. Our ESG policy sets out our responsibility and authority in the process of meeting the standards of Appendix C2 to the Listing Rules.

Under our ESG policy, we aim to build a sustainable community with employees, customers and business partners. Through various activities (which may include corporate philanthropy activities, building community partnerships and mobilising employees to participate in volunteer work), we aim to achieve practical and long-term benefits to the local community. In addition, we are committed to energy conservation and sustainable development and strive to reduce any negative impact on the environment. To ensure that all workers receive fair treatment and respect in terms of hiring, training, benefits, and professional and personal growth, we will also put a lot of emphasis on inclusive diversity inside the Company.

Our Board has the collective and overall responsibility for formulating our ESG strategies and reporting, assessing and determining our ESG-related risks and ensuring we have effective ESG risk management and internal control systems. It is necessary for our Board to supervise the management responsible for the planning, execution, and upkeep of these systems. Our Board may review our current strategy, target, and internal controls as well as assess the ESG risks and consult with an impartial third party or parties. For each of the major risks that have been identified, appropriate risk mitigation plans must be created, and the relevant risk owners must frequently update our Board and management on the progress of the plans' implementation. After that, the necessary adjustments will be made to reduce the hazards.

In order to support our Board in overseeing ESG governance, ensuring the execution of ESG policies, monitoring ESG-related performance and targets, adjusting ESG strategies as necessary, and supervising the compilation of the ESG report, we commit to establishing an ESG committee after the Listing. Our ESG committee will consist of three executive Directors, namely Mr. Xu Kaiming, Mr. Xu Kaihe and Mrs. Lin Yanqing. Our management is responsible for integrating our environmental protection and management policies into our day-to-day operations, which include training, production safety, pollution control, and staff health protection. To detect significant ESG issues, like those pertaining to climate change, it is also tasked with monitoring materiality assessments. After reviewing the materiality assessment results, our Board decides the areas we will be concentrating on.

Furthermore, our Board will closely follow and monitor the most recent regulations pertaining regarding ESG disclosure and regulatory compliance. For example, we are well aware of the ESG standards set out by the Stock Exchange, and our Board will assess the quality and content of the ESG report following the Listing Date to verify compliance with those requirements.

Environment

During our production process, wastewater, waste gas and solid waste are regularly discharged. Our operations are therefore subject to national and provincial environmental laws and regulations governing the discharge of wastewater, gas emission, hazardous chemicals and waste management. For example, we are subject to, among others, the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). Please refer to the section headed "Regulatory Overview – Regulations Relating to Environmental Protection and Fire Protection Acceptance" in this prospectus for details of the applicable PRC laws and regulations.

The relevant governmental authorities may come to our production facilities periodically to inspect to ensure our discharge of pollutants complies with the relevant pollutant discharge permits that we have obtained. We may also be required to periodically conduct self-inspection and report to them our amount of pollutants discharged. As advised by our PRC Legal Advisers, we obtained all permits necessary for our business operations, including the pollutant discharge permit, during the Track Record Period. If our Group fails to comply with the relevant laws and regulations, we will be subject to fines, suspension of business or cessation of operations.

Environmental protection laws and regulations must be followed by us, and any changes to societal trends or political policies on ESG could have a materially negative effect on us. Our management is concentrated on making sure that our production emissions, wastewater treatment, waste gas treatment, and solid waste management adhere to all applicable national and local government legislation and policies. We have a system in place to minimise, handle, and recycle the solid waste, waste gas, and wastewater that are produced throughout the production process. Our environmental management system has been certified to ISO14001:2015 since July 2022. As at the Latest Practicable Date, we did not receive any notifications or warnings and were not subject to any fines or penalties in relation to any breach of any applicable environmental laws or regulations that could have a material adverse effect on our production. We were in compliance in all material respects with the relevant PRC environmental laws or regulations during the Track Record Period.

Greenhouse Gas (GHG) Emissions

We calculate the GHG emissions produced by our Group according to the reporting standards in Appendix 2: Environmental Key Performance Indicators Reporting Guide of the Listing Rules. After the Listing, we plan to continuously track the GHG emissions within our Group's scope and gradually begin investigating Scope 3 emissions. The table below sets forth our GHG emissions for the years indicated:

	Unit	**FY2022**	**FY2023**	**FY2024**
GHG Emissions				
Scope 1(1)	Tonnes CO_2	22.26	32.91	31.32
Scope 2(2)	Tonnes CO_2	727.15	1,174.01	1,342.91
Scope 3(3)	Tonnes CO_2	0.02	0.03	0.04
GHG reduction(4)	Tonnes CO_2	0.28	0.28	0.28
Intensity(5)	Tonnes CO_2/ RMB'000	0.02	0.03	0.04

Notes:

(1) Scope 1 emissions primarily come from direct energy – related activities during operational processes. This encompasses the fuel utilised by company – owned vehicles for transportation and the natural gas consumed for various on-site operations, which are direct sources of greenhouse gas emissions within our control.

(2) Scope 2 emissions mainly stem from the electricity consumption in our offices and storage facilities. These emissions are indirect, as they are associated with the generation of electricity that is purchased and used by the company.

(3) Scope 3 emissions primarily arise from household waste. This includes waste generated by employees in the office, which can have an environmental footprint through processes such as waste disposal, recycling, and incineration.

(4) GHG reduction is calculated by number of planted trees multiplied by the estimated removal factor of 23 kg CO_2 per tree planted.

(5) Intensity is measured by the total volume emitted for that scope during the Track Record Period divided by the revenue for the year, which serves as the denominator.

Air Pollutant Emissions

We continuously track data on air pollution caused by our operational activities. This data is collected at the locations where we operate and includes major air pollutants generated by Office equipment, storage equipment, vehicles and local industrial and commercial activities. The table below sets forth our air pollutant emissions for the years indicated:

	Unit	FY2022	FY2023	FY2024
Air Pollutant Emissions				
NOx	kg	18.98	29.28	27.36
SOx	kg	4.53	7.09	6.60
PM	kg	1.91	2.94	2.75

Hazardous and Non-Hazardous Waste

During the Track Record Period, our operations generated both non-hazardous and hazardous waste streams. The non-hazardous waste, primarily comprising general office waste (including paper and plastic materials), has been systematically recorded and managed in accordance with applicable environmental regulations. Hazardous wastes mainly include waste residues generated from soldering during the production process of products. The following table presents our waste management data, categorising non-hazardous waste and hazardous wastes streams during the Track Record Period:

	Unit	FY2022	FY2023	FY2024
Non-Hazardous Waste				
Scrap paper	kg	39,949.64	28,195.60	17,966.46
Household waste	kg	946.00	1,837.00	1,900.00
Waste plastics	kg	2,420.02	2,096.70	903.08

	Unit	FY2022	FY2023	FY2024
Hazardous Waste				
Tin Dross	kg	36.00	192.70	101.83

Energy Uses

As part of our environmental management initiatives, we maintain a comprehensive tracking system for energy consumption across our operations. Our current energy monitoring focuses on electricity usage at our office premises and fuel consumption for storage equipment operations. The table below presents our energy consumption data during the Track Record Period:

	Unit	FY2022	FY2023	FY2024
Natural Gas	Cubic Metre	8,192.00	12,823.00	11,929.00
Electricity	MWh	1,294.56	2,090.10	2,390.80

Energy-Saving Measures

- Lighting system optimisation: All areas within the Company have been equipped with energy-efficient LED lighting, significantly reducing energy consumption for illumination.

- Air conditioning usage guidelines: To minimise unnecessary energy use, we have established strict air conditioning guidelines, prohibiting its use in workshops and office buildings when the room temperature is below 28°C.

We have established clear environmental goals, with 2024 as the baseline year, aiming to reduce greenhouse gas emission intensity and energy consumption intensity by 10% by 2029. After a comprehensive search and evaluation, no comparable publicly listed companies with identical business scope, operating model, and comparable scale to our Company have been identified. In light of this situation, it is not possible to conduct a comparison with peer companies in terms of target setting and emission and consumption levels.

Water Consumption

The table below sets forth our water consumption for the years indicated:

	Unit	FY2022	FY2023	FY2024
Water Consumption	Cubic metre	25,556.71	18,320.00	18,237.00

Packaging material consumption

In the course of our operations, packaging materials constitute a significant component of our production and logistics processes. As part of our commitment to transparency and accountability in environmental, social, and governance (ESG) practices, we have meticulously tracked and analysed our consumption of packaging materials. This section highlights our usage of polyethylene foam (EPE) and paper-based packaging, reflecting our ongoing efforts to minimise environmental impact and enhance resource efficiency. The following table provides a detailed breakdown of our packaging material consumption:

	Unit	**FY2022**	**FY2023**	**FY2024**
Polyethylene foam	tonnes	96.06	78.91	77.03
Paper	tonnes	421.88	411.57	414.45

We are committed to environmental protection and have taken several steps to reduce waste and promote recycling. Our plastic raw materials and product packaging bags are made from recyclable plastic materials. After being discarded, these plastic packages can be collected and processed through recycling channels. During the recycling process, they will be shredded and pelletised to become recycled plastic raw materials for the production of new plastic products.

Our paper packaging cartons can also be recycled. The waste cartons will be processed into new pulp raw materials for the production of new paper products.

Our AIDC products are primarily composed of plastic, metal, and printed circuit board (PCB) components, and their outer packaging also employs biodegradable and recyclable plastic materials. Throughout the lifecycle management of our AIDC products, customers are required to meticulously classify and dispose of end-of-life products in accordance with local recycling regulations and standards.

In terms of packaging materials, we are dedicated to using environmentally friendly, recyclable, or easily degradable materials to minimise the negative impact on the environment.

During the Track Record Period and up to the Latest Practicable Date, we produced the following waste materials:

Waste Gas

Our production facilities produce waste gas. Our waste gas is mainly divided into two categories: waste gas from production operations and waste gas from combustion processes, which are the by-products of burning resources like heavy oil and natural gas. Among the waste gases produced are nitrogen oxide and sulphur dioxide.

We have implemented a number of steps to monitor and minimise our waste gas (including greenhouse gas) emissions in order to lessen the impact that our emissions have on the environment and climate. Some of these steps include the following:

- The waste gas generated from our production process is purified before emission;
- We are equipped with monitoring facilities to control gas emission to ensure compliance with the relevant discharge standards.

Solid Waste

During the production process, solid waste is produced. We can further divide the solid waste we produced into non-hazardous and hazardous waste. We dispose of our solid waste at locations designated by the department of municipal government. We recycle a portion of our solid waste as well. We work with a certified third-party garbage disposal service provider to manage hazardous material.

Wastewater

In our production facilities, wastewater is produced during the production process. To handle the wastewater produced by our production plants, we have established water treatment facilities. Such treated wastewater is released in compliance with the legal requirements.

Environmental Compliance

We undergo routine inspections by the environmental protection authorities, including at least two inspections during the Track Record Period. Throughout these inspections, we have consistently met the standards and received no rectification requests related to environmental issues.

During the Track Record Period, we incurred cumulative expenditures of approximately RMB299,000 for environmental compliance. These funds were primarily allocated to key areas such as the procurement and operational maintenance of waste treatment equipment. To further enhance our management systems, we have successfully obtained ISO14001 Environmental Management System and ISO45001 Occupational Health and Safety Management System certifications. During the certification cycle, we will undergo two regular reviews over three years.

Physical and Transitional Risks

In addition, we acknowledge that climate-related matters pose a certain level of threat to us. Climate-related risks identified by us can be classified into two major categories: physical risk and transitional risk. We adopt a combination of quantitative and qualitative methods to assess the identified risks and opportunities. The evaluation criteria include potential financial impact, time horizon (short-term, medium-term, and long-term), and the impact on stakeholders. Based on the assessment results, we prioritise risks and opportunities to ensure that resources are focused on the issues most critical to our business strategy and financial performance.

Risk Types	**Physical Risk**		**Transition Risk**		
	Acute Physical Risk	**Chronic Physical Risk**	**Policy and Legal Risk**	**Market Risk**	**Reputation Risk**
	Extreme weather events (e.g., typhoons, floods, extreme cold) may damage production facilities or disrupt supply chains, affecting the production and delivery of printing equipment, POS terminals, and other products.	Long-term climate change (e.g., rising temperatures, changing precipitation patterns) may impact the supply of raw materials or increase operational costs, particularly for critical materials such as electronic components and plastics.	Stricter environmental regulations (e.g., carbon emission limits, e-waste management) may require increased environmental investments or result in fines.	Shifting consumer preferences toward eco-friendly and smart products may reduce market share for traditional printing equipment.	Failure to meet environmental standards or social responsibility expectations may lead to public criticism, damaging the company's brand image, especially in international markets.
Effected Time Period	Short-term (1–2 years)	Long-term (5–10 years)	Medium-term (3–5 years)	Short- to medium-term (1–5 years)	Short- to long-term (1–10 years)
Impact segments and value chain	Production facilities, supply chains, logistics	Raw material supply, energy costs, water resource management	Production processes, compliance costs, legal risks	Market share, customer relationships, sales strategies	Brand image, customer loyalty, investor relations
Negative Financial Impact Description	Production disruptions may lead to revenue loss, and facility repairs may increase costs, affecting the delivery of printing equipment and POS terminals.	Rising raw material prices or supply instability may increase operational costs, particularly for critical materials like electronic components and plastics.	Compliance costs for environmental regulations may increase, with potential fines or lawsuits, especially in e-waste management.	Declining market share may reduce sales revenue, especially in the traditional printing equipment market.	Damage to brand image may lead to customer loss and reduced investor confidence, particularly in international markets.

Risk Types	Physical Risk		Transition Risk		
	Acute Physical Risk	Chronic Physical Risk	Policy and Legal Risk	Market Risk	Reputation Risk
Mitigation Measures	1. Establish emergency response plans to quickly restore production after extreme weather events. 2. Diversify supply chains to reduce reliance on single suppliers, especially for critical raw materials.	1. Invest in energy-saving technologies and water resource management to reduce long-term operational costs. 2. Collaborate with suppliers to ensure sustainable supply of raw materials, especially electronic components and plastics.	1. Monitor policy changes regularly and adjust strategies proactively to comply with new regulations. 2. Increase environmental investments to reduce emissions and waste, particularly in e-waste management.	1. Develop eco-friendly and smart printing solutions to meet consumer demand. 2. Strengthen market research to adjust sales strategies promptly, especially in international markets.	1. Enhance corporate social responsibility (CSR) initiatives to improve brand image. 2. Establish transparent communication mechanisms to address public concerns promptly, particularly regarding environmental and social responsibility performance.

We define physical risks as risks that potentially cause physical impact to us. We believe that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms, extreme cold weather, typhoons and flooding. Our business operations could be susceptible to the physical damages resulting from intense precipitation and floods and extreme cold weather.

Our Directors consider that physical damages resulting from extreme weather events could result in minimal effect on our business operations, financial conditions and prospects.

Further, if we fail to comply with the relevant applicable environmental policies and laws and regulations, we may be involved in costly litigation or subject to penalties or other sanctions imposed by the relevant PRC judicial or governmental authorities. Our reputation may also be adversely affected, resulting in a loss of business as our customers may be less inclined to purchase from a company with environmental.

Regulatory development and changes in social trend in relation to ESG may potentially have significant impacts on our business operations and present transitional risks to us.

In view of the climate-related risks, our management will take adequate steps to build resilience to climate change by identifying and managing climate-related risks and opportunities and by developing strategies which are in line with global best practices to adapt to and mitigate the impact of climate change on our operations.

Corporate Social Responsibility

Caring for the Community

We are committed to the fulfilment of our corporate responsibility. We aim to build a sustainable community with our customers, business partners and external stakeholder.

Business Ethics

We strictly abide by the laws and regulations related to anti-corruption, including but not limited to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Criminal Law of the PRC (《中華人民共和國刑法》). We uphold a high standard of integrity and have zero tolerance for corruption. We promote clear work ethics to employees, and strictly prohibit bribery, extortion, fraud, money laundering and other unethical behaviours, such as gambling, misappropriation of our assets, provision or acceptance of gifts or other improper benefits.

Safety

We consider occupational health and safety as one of our important responsibilities. We have implemented a system of occupational health and safety measures, details of which are set out as follows:

We have put in place some workplace safety and health initiatives. We have assigned safety personnel to each production facility to supervise production safety. Our system for managing occupational health and safety has been established and is reviewed regularly. We have safety procedures in place to document and manage incidents. By offering training courses on occupational health and safety to our employees, we increase their awareness of occupational safety. We also routinely give our employees access to outside professional training that is customised to each job function. To maintain the occupational health of our employees, we also offer regular body checks. We have emergency protocols in place to handle, document, and investigate any possible event. We also routinely schedule safety exercises. Our occupational health and safety management system has been certified to ISO45001:2018 since July 2022.

Our production and operation are subject to various safety laws and personal injury may result in personal injury claims which may have a negative impact on our business reputation or result in civil and criminal penalties. During the Track Record Period and up to the Latest Practicable Date, we did not have any major accidents, claims or complaints relating to work safety which had materially and adversely affected our operation. Our Directors are of the view that we are in compliance with the applicable national and local health and safety laws and regulations of the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

Employee welfare

We adhere to fairness, offering competitive salaries with flexible adjustments and a comprehensive welfare system, including paid leave, social insurance, and housing provident fund. We prioritise employee health through regular check-ups and support professional growth with training opportunities. Additionally, we organise cultural activities like team sports and festival celebrations to enhance team cohesion and create a positive work environment.

Employee diversity

We are dedicated to promoting diversity, equity and inclusivity within our working environment, offering equal opportunities and fair treatment to all our employees. We have a balanced employee composition, and as at 31 December 2024, we had 279 male employees and 328 female employees.

We encourage employees to respect each other and foster an inclusive work culture. The Group values the individual uniqueness, listens to employees' voices and recognises their contributions.

Anti-Corruption

We have established the anti-fraud and whistleblowing management system and the corporate integrity policy, which delineate the specific responsibilities of each department and individual in anti-corruption efforts. Each department is responsible for implementing anti-corruption measures within its respective domain. Furthermore, we periodically organise anti-corruption training and have established dedicated complaint and whistleblowing channels.

Product Responsibility

We are committed to ensuring the quality of our products and services, implementing stringent quality control to maintain high standards across all stages of production. Certain studies have suggested potential health risks from chemicals in thermal paper, such as bisphenol A (BPA), although conclusive evidence of significant harm to human health remains limited. We do not manufacture thermal paper in our ordinary course of business and we only provide thermal paper procured from suppliers as an ancillary accessory to our AIDC devices on very limited occasions. Therefore, our Directors are of the view that the alleged potential health risks of thermal papers would not have any material adverse impact on our operation and financial position.

PROPERTIES

We are headquartered in Xiamen, China. As at the Latest Practicable Date, all of our owned or leased properties are located in China.

Owned Property

As at the Latest Practicable Date, we owned land use right of one parcel of land in China with a registered site area of approximately 18,801 sq.m., and five buildings situated thereon with an aggregate GFA of approximately 57,917 sq. m. The New Xiamen Base is primarily used for production, warehouse and office premises of our Group. Approximately 21,416 sq.m. of the New Xiamen Base is currently used as our production factory and approximately 23,642 sq. m. of the New Xiamen Base has been leased to 11 Independent Third Parties.

Peak Vision Appraisals Limited, an independent valuer, has valued the New Xiamen Base as at 30 April 2025. The text of the Property Valuation Report issued by Peak Vision Appraisals Limited is set out in Appendix VI to this prospectus. Save for the property interests disclosed in Appendix VI to this prospectus, no single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

As advised by our PRC Legal Advisers, we have proper title certificates for our owned property and we have the right to possess, use and lease such property in accordance with the relevant laws in the PRC. As advised by our PRC Legal Advisers, pursuant to the Grant Contract of State-owned Construction Land Use Rights (國有建設用地使用權出讓合同), we shall hold the land and buildings as a unified whole and shall not transfer or subdivide the land and buildings for mortgage within the period of use from 31 December 2019 to 31 December 2069. Where a transfer is required as a result of circumstances such as the liquidation of our Group, the land and buildings shall be repurchased by the People's Government of Tong'an District, Xiamen City. To the best knowledge of our Directors, no circumstances existed as at the Latest Practicable Date which would render such title certificates to be revoked or withdrawn as a result of non-compliance with any relevant laws and regulations of the PRC. As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the New Xiamen Base was under asset preservation by the court. To the best knowledge and belief of our Director, such preservation was in relation to an alleged infringement of trade secrets. For details of the legal proceedings, please refer to the paragraph headed "Legal and Compliance – Legal Proceedings" in this section.

Leased Property

As at the Latest Practicable Date, our Group leased the following property from an Independent Third Party in the PRC, details of which are set out as follows:

Location	Landlord	Approximate area (sq.m.)	Usage	Term	Rental/ obligations
No. 803, 8th Floor, Building B2, B1.B2 Commercial Building, Nanhu Da Nan Software Industry Phase 4.1, West of Guanshan Avenue, East Lake Development Zone, Wuhan, the PRC (中國武漢市東湖開發區關山大道以西、南湖大南軟體產業4.1期B區B1.B2商品房中B2棟8層803號) *(Note)*	Independent Third Party	150	Office	From 1 September 2024 to 31 August 2026	RMB11,900 per month

Note: As at the Latest Practicable Date, the landlord of the above property had not obtained the title certificate. As advised by the PRC Legal Advisers, (i) it is the obligation of the lessor to obtain the title certificate, and there are no rules or regulations in the PRC requiring the Group as the lessee to obtain title certificate or imposing penalties on the Group for failing to obtain such title certificate; and (ii) the absence of title certificate of the above property will not affect the validity of the lease, and that the risk of the Group being required to relocate as a result of the above is relatively low. Our Directors confirmed that the legal issue will not have any material adverse impact on our operation and financial results and in case we have to terminate the lease or relocate, we are able to relocate to comparable alternative premises within reasonable period of time without incurring substantial cost.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry and markets in which we operate. For details, please refer to the section headed "Risk Factors" in this prospectus. We have implemented a series of measures to manage the various types of risks that we face, including strategic risks, operational risks, financial risks and legal risks.

Our management team takes an active role in monitoring and responding to changes in industry laws and regulations that affect our operations. Each department regularly reports to our management with respect to any risks they identify, such as product quality risks, product liability risks, intellectual property infringement risks, and compliance risks, and such risks would be summarised and reported to the Board. Where a potential risk or breach has been identified, risk response plans would be formulated to minimise damage and prevent any further recurrence. Our Board oversees the implementation of our risk management policy at the corporate level by facilitating collaboration among various operating departments, fostering a collective approach to addressing risk issues across different business functions. We will evaluate the adequacy of risk mitigation measures and make necessary adjustments to our response plans internal policies accordingly.

Further, in order to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control, we will adopt the following measures upon Listing:

(i) continuously monitor, evaluate and review our internal control system to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control system as appropriate;

(ii) establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three independent non-executive Directors. For the qualifications and experiences of these members, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(iii) arrange our Directors, Supervisors and senior management to attend training seminars rules, disclosure management, corporate governance, changes in laws, regulations and policies, as well as the responsibilities as directors of a Hong Kong-listed company;

(iv) engage external professional advisers (including the Compliance Adviser for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date) to provide professional advice and guidance to us to ensure our compliance with the Listing Rules and the applicable laws and regulations;

(v) continue to arrange various training to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, Supervisors, members of our senior management and relevant employees on the latest applicable laws and regulations; and

(vi) regularly communicate with the relevant government authorities and, where necessary, consult our legal advisers, on the relevant laws and regulations and any updates that could potentially affect our operation and business.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

LEGAL AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had not been involved in any legal, arbitration or administrative proceedings that could have a material adverse effect on our business, financial conditions or results of operations. Furthermore, to the best of knowledge of our Directors, as at the Latest Practicable Date, save as disclosed below, there was no pending or foreseeable legal, arbitration or administrative proceedings against us that could cause a material adverse effect on our business, financial conditions or results of operations.

Civil proceedings relating to a criminal investigation of Mr. A

To the best knowledge and belief of our Directors, after making all reasonable enquiries, in August 2020, a then employee of our Group ("**Mr. A**") was arrested for suspected misappropriation of trade secrets by Xiamen Municipal Public Security Bureau (the "**Criminal Case**"). In August 2021, a civil proceeding incidental to the Criminal Case (刑事附帶民事訴訟起訴) was lodged against our Group (the "**Incidental Civil Action**") by a company (the "**Plaintiff**") whose trade secrets were alleged to be infringed by Mr. A, pursuant to which, it was alleged by the Plaintiff that:

(i) Mr. A had misappropriated the trade secrets, i.e. software owned by the Plaintiff (the "**Subject Software**") and Mr. A had applied the Subject Software on four models of scale products of our Group which were launched for commercialisation in or around September 2015 (the "**Subject Products**"); and

(ii) our Company had the knowledge or constructive knowledge of the misappropriation action of Mr. A as the then employee of our Group, and Mr. A and our Company should compensate for the loss suffered by the Plaintiff due to the misappropriation action of Mr. A and the application of the Subject Software to the Subject Products (the "**Dispute**").

In August 2022, the People's Court of Siming had ruled in favour of the Plaintiff and had found Mr. A guilty of infringement of trade secret (the "**First Ruling**"). Our Company had launched an appeal against the First Ruling at the Intermediary People's Court of Xiamen City, Fujian Province (the "**Appeal Court**").

In December 2022, the Appeal Court had quashed the order made under the First Ruling and returned the case to the People's Court of Siming for retrial.

In November 2023, the People's Court of Siming had dismissed all the claims from the Plaintiff under the Dispute (the "**Retrial Ruling**") given that the claims brought by the Plaintiff were not based on the infringement of personal rights or suffering of loss due to destruction of properties and therefore they should not be lodged as a civil action incidental to a criminal case. In December 2023, the Plaintiff had launched an appeal against the Retrial Ruling to the Intermediary People's Court of Xiamen City, Fujian Province. In April 2024, the Intermediary People's Court of Xiamen City, Fujian Province had dismissed the appeal by the Plaintiff and upheld the Retrial Ruling to dismiss all the claims of the Plaintiff (the "**Retrial Appeal Ruling**"). The Plaintiff may launch a separate civil proceeding to claim its rights. During all material times, no criminal charge has been brought against our Group, our Directors or any of our then employees (other than Mr. A) in relation to the Dispute.

As our Company is not a party to the Criminal Case, it does not have any knowledge as to the latest status of the case.

View of the PRC legal advisers as to the Dispute

As advised by our Company's PRC legal advisers as to the Dispute, (i) the Retrial Appeal Ruling is final; (ii) our Company may only be held liable for any damages in relation to the Dispute if the Plaintiff lodges a separate civil proceeding against our Company and thus the Plaintiff obtains a final favourable judgement. The limitation period for the Plaintiff to launch such separate civil proceedings is three years from the date of the Retrial Appeal Ruling; and (iii) in case a separate civil proceeding is lodged by the Plaintiff in relation to the Dispute, subject to the evidence to be raised in such proceeding and the view of the court, the amount of compensation to be borne by our Company is likely to be in the range between RMB5.0 million and RMB9.4 million.

As the Incidental Civil Action in relation to the Dispute was initiated by the Plaintiff against our Company in 2021, provision of approximately RMB11 million was made to the financial results of our Group for FY2021 which was determined based on the assessment of the likelihood that any liability may arise against our Company and the amount of possible compensation that our Group may be liable to pay, as set out below:

The possible amount of compensation	**Weighting based on the view of the PRC Legal Advisers as to the Dispute** *(Note 5)*	**Weighted Average Amount** *(RMB)*
RMB69.113 million *(Note 1)*	5%	3.46 million
RMB15.353 million *(Note 2)*	10%	1.54 million
Between RMB5 million and RMB9.354 million *(Notes 3 and 4)*	85%	6.1 million
Total	100%	11.0 million

Notes:

1. The compensation amount is calculated based on the average profit per unit of the Subject Product alleged by the plaintiff in the Incidental Civil Action times the number of Subject Product sold by our Group during the period from September 2015 to August 2020. As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is very low.

2. The compensation amount is calculated based on the assessment method of estimating the "profits obtained by the infringer due to the infringement" under the applicable PRC laws and regulation, by multiplying our Group's revenue from sales of the Subject Products from September 2015 to August 2020 by an estimated net profit margin alleged by the Plaintiff. As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is relatively low.

3. The compensation amount of RMB9.354 million is calculated based on our Group's revenue from sales of the Subject Products from September 2015 to August 2020, as multiplied by the average annual net profit margin of the scale industry in the PRC from 2015 to 2020 according to a special investigation report dated 14 September 2022; while the lower end of the compensation amount, which was the maximum statutory compensation that a right holder can claim for infringement of trade secrets is RMB5 million as stipulated in the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). As advised by our Company's PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is considerable.

4. The mid point of the possible amount of compensation is used in this calculation.

5. The weighting was determined based on, among others, the assessment of likelihood that any liability may arise against our Company by our Company's PRC legal advisers as to the Dispute.

If our Company is held liable for a compensation of the amount provided for and the indemnity provided by our Controlling Shareholders under paragraph (vii) below in relation to the Dispute, our Directors are of the view that such compensation will not have any material adverse impact on our business, results of operations and financial condition.

Directors' view on the Dispute

Our Directors consider that the Dispute did not and is unlikely to cause any material adverse impact on our business, financial conditions and results of operations based on the status of the Dispute as at the Latest Practicable Date and the following factors:

(i) our Company and our Directors were not aware of the act of misappropriation by Mr. A at all material times until Mr. A was arrested in August 2020 as it was due to Mr. A's personal behaviour;

(ii) our Company had promptly ceased the sale of the Subject Products pending the investigation of the Criminal Case against Mr. A when the incident first came to our Company's knowledge in August 2020 and did not intend to resume sales of the Subject Products. Our Company developed new software in replacement of the then software. In addition, Mr. A's employment with our Group was terminated in January 2021 and our Company had a labour dispute arbitration and civil claim at the Tongan District People's Court of Xiamen City, Fujian Province with Mr. A, pursuant to which our Company was ordered to pay outstanding annual bonus of RMB20,000 to Mr. A and compensation amount of RMB260,000 to Mr. A for illegal dismissal in April 2021 and August 2021, respectively, which had been fully settled in November 2021. As advised by our PRC Legal Advisers, our Group is not subject to any outstanding liability in relation to the labour dispute with Mr. A;

(iii) only four models of scale products had used the Subject Software which was alleged to be misappropriated by Mr. A and the total profit generated from the Subject Products amounted to approximately RMB2.9 million from September 2015 to August 2020 (being the relevant sales period of the Subject Products) based on our records and no other products launched by us were subject to any material disputes;

(iv) the Incidental Civil Action did not materially affect our business operations, financial performance or financial positions given we were under normal business operation during the Track Record Period and up to the Latest Practicable Date with ties with reputable customers;

(v) we had promptly taken the steps and strengthened our internal control measures after the Dispute, including but not limited to re-examining the software of the barcode scale products to mitigate the risks of possible infringement of trade secrets;

(vi) the Dispute was an isolated incident and the members of our Group had not been involved in any other material litigation or claims in relation to intellectual properties during the Track Record Period and up to the Latest Practicable Date;

(vii) in the event that the losses, costs, expenses, damages, or other liabilities which we incurred or suffered arising out of or in connection with the Dispute exceed RMB9.4 million, being the highest amount in the range of likely amount to be borne by the Company as advised by the Company's legal advisers as to the Dispute, our Controlling Shareholders will indemnify us for any such amount exceeding RMB9.4 million; and

(viii) if the Plaintiff lodges a separate civil proceeding against the Company in relation to the Dispute, our Company will vigorously assert our defence to safeguard the interest of our Company and the Shareholders in such trial and/or retrial proceedings.

As advised by the PRC Legal Advisers, according to the Civil Procedure Law of the People's Republic of China (中華人民共和國民事訴訟法), the Plaintiff may pursue further appeals against the Retrial Appeal Ruling if one of the following conditions is met: (i) there is new evidence sufficient to overturn the original judgment or ruling; (ii) the main evidence used to determine the facts in the original judgment or ruling is forged; (iii) the legal document on which the original judgment or ruling was made has been revoked or changed; and (iv) the judge has engaged in corruption, bribery, malpractice for selfish ends, or miscarriage of justice in handling the case (collectively, the "**Appeal Conditions**"). The Plaintiff may also lodge a separate civil proceeding within three years from the date of the Retrial Appeal Ruling according to the Civil Code of the People's Republic of China (中華人民共和國民法典).

However, our Directors are of the view that, which the PRC Legal Advisers concur, it is unlikely that the Plaintiff will pursue an appeal against the Retrial Appeal Ruling, as there is no evidence or circumstances which indicate that the Plaintiff can meet any of the Appeal Conditions. Furthermore, even if the Plaintiff lodges a separate civil proceedings against our Group, it is unlikely that it will bring adverse impact to our Group's operation and financial position given that (i) as disclosed above, the amount of compensation to be borne by our Group is likely to be in the range between RMB5.0 million and RMB9.4 million, which only represents a small portion of our Group's revenue (the "**Expected Compensation**"); and (ii) there is no evidence to suggest that the Plaintiff has in possession any new evidence which deems the potential compensation to exceed the Expected Compensation. Please refer to "Risk Factors – Risks Relating to Our Business and Industry – We may be exposed to risks of infringement in relation to our intellectual property rights and we may be exposed to infringement or misappropriate claims by third parties" in this prospectus for more details. Our Directors confirm that, save as disclosed above, there is no other material information in relation to the Dispute that needs to be brought to the attention of the Stock Exchange and the potential investors and we have complied with all applicable laws and regulations in the PRC in all material respects during the Track Record Period and up to the Latest Practicable Date.

Legal Compliance

Save as disclosed below, our Directors confirm that there were no non-compliance incidents which led to regulatory actions and penalties that had material and adverse effect on our business and results of operations during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we failed to make full contribution to the social insurance and housing provident fund for some of our employees as required by the relevant PRC laws and regulations. For FY2022, FY2023 and FY2024, the aggregate shortfall of social insurance and housing provident fund amounted to approximately RMB9.0 million, RMB9.5 million and RMB8.0 million, respectively.

Reasons for non-compliance

The non-compliance incident took place primarily because the majority of our employees chose not to make full contribution to the social insurance and housing provident fund as they preferred not to bear their portion of the relevant contribution.

Legal consequences and potential penalties

As advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations, (i) if we fail to pay the full amount of social insurance contributions as required, the relevant PRC authorities may demand us to pay the outstanding contributions within a stipulated deadline and we may be liable for a late payment fee that equals to 0.05% of the outstanding amount of social insurance contributions for each day of the delay. If we fail to make such payments within the stipulated deadline, we may also be liable to a fine from one to three times of the amount of the outstanding amount of social insurance contributions; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. If the payment is not made within such time limit, an application may be made to PRC courts for compulsory enforcement. As advised by our PRC Legal Advisers, if we fail to pay any required amounts within the period specified by the relevant competent authorities after receiving the corresponding payment notice, calculating based on the amounts of our shortfall contributions to social insurance for FY2022, FY2023 and FY2024, the potential maximum amounts of fines and penalties we may face would be RMB19.7 million, RMB20.4 million, and RMB19.6 million, respectively. Please refer to the section headed "Risk Factors – Risks Relating to Our Business and Industry – We may be subject to fines and penalties as a result of our inadequate contribution to the social insurance and housing provident fund.".

One of our Controlling Shareholders, Xiamen Rongxin, has undertaken to indemnify the Group against any economic losses that may arise from any payment of outstanding contributions, late payment fees or fines that may be required by relevant authorities due to non-compliance regarding the social insurance and housing provident fund.

Remedies and internal control measures adopted

We have implemented the following measures to prevent future occurrences of such non-compliance:

(i) we have enhanced our human resource management policies, which required social insurance and housing provident fund contributions to be made in full and timely in accordance with any competent government authority;

(ii) we have designated the human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis; and

(iii) we will keep abreast of latest developments in the PRC laws and regulations in relation to social insurance and housing provident fund, and regularly consult our PRC Legal Advisers on the relevant PRC laws and regulations in order to obtain timely update of relevant regulatory developments.

Despite our efforts, we had not yet made full contributions of social insurance and housing provident fund for our employees as at the Latest Practicable Date because some employees located in other cities or provinces did not want to participate in or make full contribution to the social security system of Xiamen.

Set out below the number and percentage of total employees who underpaid social insurance and housing provident fund contributions during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
No. of employees of the Group who underpaid social insurance	586	614	555
% of employees who underpaid social insurance	96.4%	96.5%	91.4%
No. of employees who underpaid housing provident fund	428	407	343
% of employees who underpaid housing provident fund	70.4%	64.0%	56.5%

We are in the process of communicating with such employees with a view to seeking their understanding and cooperation in complying with the applicable local practice and policies, which also requires additional contributions from our employees. We will continue to work with our employees to contribute social insurance and housing provident fund in a manner in accordance with relevant PRC laws and regulations. We will endeavour the best to liaise with our employees for rectifying the status quo. Our percentage of employees who underpaid social insurance and housing provident fund contributions further decreased from 91.4% to 83.9% and 56.5% to 54.5%, respectively from 1 January 2025 to 31 March 2025. It is expected that the rectification on these matters for the key management personnel and newly recruited staff will be completed by the end of the year ending 31 December 2026, meanwhile we expect to continue the rectification for other existing staff on a best effort basis.

Our Directors are of the view that such non-compliance would not have a material and adverse effect on our business and results of operations, considering that: (i) as at the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay any shortfalls or imposing any penalties with respect to social insurance and housing provident fund; (ii) we have obtained confirmations from (a) the Human Resources and Social Security Bureau of Xiamen City (廈門市人力資源和社會保障局), a competent authority as advised by our PRC Legal Advisers, that our Group had not been subject to any administrative penalty or administrative action by the municipal human resources and social security administrative department for violation of labour protection laws and regulations during the Track Record Period; and (b) the Xiamen Housing Provident Fund Centre (廈門市住房公積金中心), a competent authority as advised by our PRC Legal Advisers, which confirmed that our Group had not been subject to any penalty due to violation of laws and regulations relating to housing provident fund during the Track Record Period; (iii) according to the interviews with the competent authorities conducted by our PRC Legal Advisers, the relevant competent authorities will not normally take the initiative to recover or request for retroactive payment in relation to our Company's failure to make full contribution to the social insurance and/or the housing provident fund, but will only carry out investigations upon receipt of complaints or reports from the employees and determine whether or not to recover or require retroactive payment in accordance with the circumstances of the investigation or reporting; (iv) as confirmed by the relevant competent authorities during the interviews conducted by our PRC Legal Advisers, the relevant competent authorities had not received any complaints on our Company in relation to the payment of social insurance and the housing provident fund; (v) we were not aware of any employee complaints nor have we received any demand, court filings or notices from any current or former employees regarding any outstanding social insurance or housing provident fund contributions as at the Latest Practicable Date; (vi) our undertaking to make contributions within the prescribed period if we receive any request from the relevant government authorities; (vii) our Controlling Shareholders agreed to provide an indemnity in favour of our Group to indemnify us against any claims, charges, fines and other liabilities arising from such non-compliance; and (viii) based on the foregoing, our PRC Legal Advisers had advised us that the risk that we would be required to pay the shortfall of social insurance and housing provident fund or penalised for such non-compliance by the relevant government authorities is remote.

OVERVIEW

Our Board of Directors comprises six Directors, including three executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for the management and conduct of business of our Group. Our Supervisory Committee consists of three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor, and is responsible for supervising the Board and senior management of our Group. Our senior management comprises three members and is responsible for the day-to-day management of our Group's business.

The following table sets forth the key information about our Directors, Supervisors and senior management members:

Directors

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Roles and responsibilities
Executive Directors					
Mr. Xu Kaiming (許開明)	43	December 2010	20 December 2010	Executive Director, chairman of the Board, president and general manager	Leads the Board, overall management and participates in our Group's operation and strategic planning
Mr. Xu Kaihe (許開河)	42	December 2010	14 October 2019	Executive Director and senior vice president	Overall management and participates in our Group's operation, in charge of our overall R&D

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Roles and responsibilities
Ms. Lin Yanqin (林燕琴)	39	May 2013	23 November 2023	Executive Director	Communication and coordination with various departments, responsible for supervising and inspecting the implementation of various work plans completion in each department
Independent Non-executive Directors					
Dr. Lim Kim Huat (林駿華)	57	March 2023	27 March 2023	Independent non-executive Director	Provides independent opinion and judgement to our Board
Dr. Yu Xiaoou (于小偶)	44	November 2022	10 November 2022	Independent non-executive Director	Provides independent opinion and judgement to our Board
Dr. Huang Liqin (黃立勤)	51	July 2021	27 July 2021	Independent non-executive Director	Provides independent opinion and judgement to our Board

Supervisors

Name	Age	Date of joining the Group	Date of appointment as Supervisor	Position	Roles and responsibilities
Ms. Chai Ling (柴菱)	35	December 2014	14 October 2019	Supervisor and chairman of the supervisory board	Supervises the performance of duties by the Directors and senior management of our Company
Mr. Jiang Jingtao (江靜濤)	45	September 2015	1 August 2022	Supervisor	Supervises the performance of duties by the Directors and senior management of our Company
Mr. Fu Jianfang (傅劍芳)	39	May 2021	10 November 2022	Supervisor	Supervises the performance of duties by the Directors and senior management of our Company

Senior Management

Name	Age	Date of joining the Group	Date of appointment	Position	Roles and responsibilities
Mr. Hu Zunfa (胡遵法)	42	March 2018	14 January 2021	Secretary to the Board, deputy general manager, director of key customer department and joint company secretary	Oversees domestic sales, manages key customers of our Group and provides secretarial services to our Company
Mr. Fu Jianfang (傅劍芳)	39	May 2021	22 July 2022	General manager of the scales division	Manages the operations of the scales division of our Group
Ms. Lin Cheng (林成)	40	February 2017	22 July 2022	Director of international department	Develops and maintains the overseas market and manages the international sales team
Mr. Chen Zhichuan (陳志川)	33	June 2024	26 February 2025	Chief financial officer	Handles the financial matters of our Group

Save that Mr. Xu Kaiming is the elder brother of Mr. Xu Kaihe, none of our Directors, Supervisors and senior management members has any relationship with any other Directors, Supervisors or senior management members of our Company or any substantial Shareholders or Controlling Shareholders of our Company.

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Kaiming (許開明), aged 43, founded our Group and was appointed as a Director on 20 December 2010. He was subsequently re-designated as an executive Director on 26 March 2024. He has been appointed as the chairman of the Board since 14 October 2019, the general manager of the Company since 28 October 2019 and the president of the Group since 23 May 2022. Mr. Xu is responsible for leading the Board and the overall management of our Group, and participates in our Group's operation and strategic planning. He has over 14 years of experience in the AIDC devices industry. He has been an executive director of Xingbang Trade, a wholly-owned subsidiary of the Company since December 2016, where he has been responsible for the strategic planning and overall management of online sales of AIDC devices. He has also been an executive director of Rongta Trade, a wholly-owned subsidiary of the Company since December 2017, where he has been responsible for the strategic planning and overall management of sales of AIDC devices. Mr. Xu is also a director of Rongta (SG) and Rongta (Malaysia), each a wholly-owned subsidiary of the Company, from January 2025 and February 2025, respectively.

Mr. Xu was selected as a "Young Entrepreneurial Talent" (青年創業人才) for the Fifth Youth Innovation and Entrepreneurship Talent Programme (第五批青年創新創業人才計劃) by the Organisation Department of Xiamen Committee of the Communist Party of China (中國共產黨廈門市委員會組織部) and the Xiamen Committee of the Communist Youth League of China (中國共產主義青年團廈門市委員會) in June 2020. He was also selected as one of the second batch of "Entrepreneurial Star" (創業之星) of Fujian by the Science and Technology Bureau of Xiamen (廈門市科學技術局) in August 2021.

Mr. Xu graduated in international economics and trade from Fuzhou University (福州大學) in Fujian, the PRC, in July 2004.

Mr. Xu Kaihe (許開河), aged 42, founded our Group and was appointed as a Director on 14 October 2019. He was subsequently re-designated as an executive Director on 26 March 2024. Mr. Xu is responsible for the overall management of our Group and participates in our Group's operation, and is in charge of our overall R&D. Mr. Xu was appointed as the factory general manager from its incorporation to December 2018, and he has been the vice president of our Company from January 2019 to May 2022 and the senior vice president of our Company since May 2022. He has also been a supervisor of Xiamen Rongxin since October 2017, and an executive director of our subsidiary, namely IMachine since November 2017.

Mr. Xu has over 18 years of experience in the electronic technology industry. Prior to joining our Group, Mr. Xu worked at Motorola Mobile Communication Technology Ltd. (摩托羅拉移動通信技術有限公司) (formerly known as Lenovo Mobile Communication Technology Ltd. (聯想移動通信科技有限公司)), a company primarily engaged in the research and production of mobile communication products and electronic information products, as a chief manager (主管) from August 2006 to August 2010.

Mr. Xu was awarded the title of "Outstanding Talents of Tong'an District (the seventh batch)" (同安區第七批拔尖人才) by the Tong'an District Committee of the Communist Party of China (中共同安區委) and the People's Government of Tong'an District (同安區人民政府).

Mr. Xu obtained a bachelor's degree in electronic information engineering from Jilin University (吉林大學) in Jilin, the PRC, in July 2004.

Ms. Lin Yanqin (林燕琴), aged 39, was appointed as a Director on 23 November 2023 and subsequently re-designated as an executive Director on 26 March 2024. Ms. Lin is responsible for communicating and coordinating with various departments and supervising and inspecting the implementation of various work plans completion in each department.

Ms. Lin joined our Group in May 2013 as merchandiser in the Customer Service Department and was promoted as Manager of the Customer Service Department in March 2014, where she was responsible for coordination work in respect of the sales orders and after-sales work. Subsequently, Ms. Lin acted as the Specialist of the General Manager's Office (Manager level) since April 2018 and the Senior Specialist of the President's Office since July 2023 where she was responsible for managing the overall coordination work and general administrative work.

Ms. Lin graduated in international economics and trade from Concord University College Fujian Normal University (福建師範大學協和學院) in Fujian, the PRC in July 2009.

Independent Non-executive Directors

Dr. Lim Kim Huat (林駿華), aged 57, was appointed as an independent Non-executive Director on 27 March 2023. Dr. Lim is responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Lim obtained a Bachelor of Business Administration in Management and a Master of Business Administration from Northeast Louisiana University, USA (now known as the University of Louisiana at Monroe) in December 1988 and December 1990, respectively. Dr. Lim has also obtained a Doctor of Education from Charisma University of the United Kingdom in May 2023.

Dr. Lim began his career in the financial industry with Investor Security Company Inc., USA as a dealer representative in 1991. Dr. Lim went on to work for the Investment Centre of Virginia, USA as a vice president in 1993. Dr. Lim then worked in Malaysia with Leong & Company Sdn Bhd (which was acquired by Eon Capital Berhad and then merged with Hong Leong Bank Berhad) as a dealer representative in 1999 and Kenanga Investment Bank Berhad (formerly known as K&N Kenanga) as a dealer representative in 2008.

Dr. Lim worked in the following SFC licenced corporations in Hong Kong: (i) RHB Securities Hong Kong Limited as a representative from December 2008 to February 2010; (ii) Sanston Financial Group Limited as Head of Corporate Finance from May 2010 to September 2011; (iii) South China Finance and Management Limited, a wholly-owned subsidiary of South China Securities Limited (a company whose shares are listed on the Stock Exchange (stock code: 0619)) as the representative from November 2011 to April 2015; (iv) Sinolink Securities (Hong Kong) Company Limited, a wholly-owned subsidiary of Sinolink Securities Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600109)) as the representative from April 2015 to April 2017; (v) Cinda International Capital Limited, a wholly-owned subsidiary of Cinda International Holdings Limited (a company whose shares are listed on the Stock Exchange (stock code: 0111)) as the representative from July 2017 to February 2022; (vi) Eminence Capital Partners Limited, a wholly owned subsidiary of Eminence Financial Group Limited (a company whose shares are listed on the Stock Exchange (stock code: 616)) as the responsible officer from September 2022 to July 2024; and (vii) West Bull Securities Limited since October 2024. Dr. Lim has been West Bull Securities Limited's responsible officer to carry out Type 1 (Dealing in Securities) and West Bull Financial Limited's responsible officer to carry out Type 6 (Advising on Corporate Finance) regulated activities under the SFO since 26 November 2024.

Dr. Yu Xiaoou (于小偶), aged 44, was appointed as an independent non-executive Director on 10 November 2022. He is mainly responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Yu has over 10 years of experience in the education sector. He was an assistant professor at the Department of Accountancy of California State University, Long Beach from August 2014. He worked as an assistant professor at the Institute for Financial & Accounting Studies of Xiamen University (廈門大學) from June 2017 to July 2021, and has been an associate professor of Xiamen University since August 2021, where he is responsible for teaching and scientific research. Dr. Yu was appointed as the independent director and the chairman of the audit committee of Shenzhen Yitian Automation Facility Co.,Ltd.* (深圳市易天自動化設備股份有限公司) in August 2024 (a listed company on the ChiNext Market of Shenzhen Stock Exchange with stock code 300812).

Dr. Yu was awarded the "Xiamen Airlines Award Teaching Prize" (廈航獎教金) by Xiamen University in April 2021.

Dr. Yu obtained a doctor's degree in philosophy (business administration) with the Dean's Award for Academic Excellence and a master's degree in science (mathematics) from the University of Houston in Texas, the U.S., in August 2014 and December 2006, respectively. He obtained a bachelor's degree in science (mathematics and applied mathematics) from Qingdao University (青島大學) in Shandong, the PRC, in July 2004.

Dr. Huang Liqin (黃立勤), aged 51, was appointed as an independent non-executive Director on 27 July 2021. He is mainly responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Huang has over 28 years of experience in the education sector. He has been appointed as a technician of central laboratory in August 1996 and later a professor in June 2016 of Fuzhou University (福州大學). He is currently a professor and assistant dean in Fuzhou University (福州大學).

Dr. Huang was awarded the Second Prize of the Science and Technology Progress Award of Fujian (福建省科學技術進步獎二等獎) for the year 2021 by the People's Government of Fujian (福建省人民政府) in December 2022.

Dr. Huang obtained a doctor's degree in communication and information system, and a master's degree in computational mathematics from Fuzhou University (福州大學) in Fujian, the PRC in July 2009 and March 2001, respectively. He obtained a bachelor's degree in information electronic technology from Zhejiang University (浙江大學) in Zhejiang, the PRC, in July 1996.

SUPERVISORS

Ms. Chai Ling (柴菱), aged 35, is a shareholder Supervisor and the chairman of the supervisory board of our Company. She is mainly responsible for supervising the business, the Directors and senior management of our Group. Ms. Chai joined our Group on 25 December 2014 as a foreign trade salesperson and has been appointed as a Supervisor and the chairman of the supervisory board of our Company on 14 October 2019. She has been the deputy director of the second division of international business of the Company from February 2021 to July 2022 and the deputy general manager of the scales division since July 2022. She has also been an executive director of our subsidiary, namely Rongta LiZhong since December 2022.

Prior to joining our Group, she worked at CGCOC Construction Angola Co., Ltd.* (中地海外建設安哥拉有限公司), a company principally engaged in construction in the Republic of Angola, as a business assistant, and Xiamen Branch of Jomoo Kitchen & Bath Co., Ltd. (九牧廚衛股份有限公司廈門分公司), a company principally engaged in the R&D, manufacturing and sales of kitchen and bathroom products where she was responsible for foreign trading businesses.

Ms. Chai obtained a bachelor's degree in Portuguese from Jilin International Studies University (吉林外國語大學) (formerly known as Jilin Huaqiao International Studies Institute (吉林華橋外國語學院)) in Jilin, the PRC, in June 2012.

Mr. Jiang Jingtao (江靜濤), aged 45, is the employee representative Supervisor and is mainly responsible for supervising the business, the Directors and senior management of our Group. Mr. Jiang joined our Group on 14 September 2015 as the head of the first division of domestic business of our Company. He has served as the deputy manager and manager of the first division of domestic business from November 2019 to December 2020 and from December 2020 onwards, respectively. Mr. Jiang has been elected as a Supervisor on 1 August 2022.

Mr. Jiang has over 19 years of experience in business management. He served as a sales manager in Fuzhou Shuhua Sports Products Co., Ltd.* (福州舒華體育用品有限公司) from August 2005 to March 2014. From April 2014 to February 2015, he worked in Huijin Stone (Xiamen) Co., Ltd. (匯金石(廈門)有限公司), a company primarily engaged in the wholesale and retail of decorating materials and a wholly-owned subsidiary of ArtGo Holdings Limited (雅高控股有限公司) (a company whose shares are listed on the Stock Exchange (stock code: 3313)) at the material time.

Mr. Jiang obtained a college degree in physical education from Longyan University (龍巖學院) (formerly known as Longyan Higher Normal College (龍巖師範高等專科學校)) in Fujian, the PRC, in July 2000.

Mr. Fu Jianfang (傅劍芳), aged 39, is a shareholder Supervisor and the general manager of the scales division of our Group. He is mainly responsible for supervising the business, the Directors and senior management of our Group and the management of the operations of the scales division. Mr. Fu joined our Group as the director of the engineering and new product introduction division on 25 May 2021 and has been appointed as the general manager of the scales division on 22 July 2022 and a Supervisor on 10 November 2022.

Mr. Fu has over 16 years of experience in electronic technology industry. He worked in TPK Touch Solutions (Xiamen) Inc. (宸鴻科技(廈門)有限公司) ("**TPK Touch Solutions**"), a company primarily engaged in manufacturing of optoelectronic devices and other electronic devices, and a group member of TPK Holding Co., Ltd. (宸鴻光電科技股份有限公司) (TWSE: 3673) which is listed on the Taiwan Stock Exchange (together with its subsidiaries, the "**TPK Group**"), as a section manager from September 2008 to March 2012. From April 2012 to January 2016, he worked in Cando (Xiamen) Ltd. (達鴻先進科技(廈門)有限公司), a company primarily engaged in R&D and production of optical glass, conductive and non-conductive glass and capacitive touch screen glass, where he served as a deputy manager and was responsible for engineering work. From February 2016 to August 2016, he worked in TPK Glass Solutions (Xiamen) Inc. (祥達光學(廈門)有限公司), a company primarily engaged in manufacturing of optoelectronic devices and other electronic devices, as the deputy manager of the engineering department. From September 2016 to May 2021, he returned to TPK Touch Solutions as a manager.

Mr. Fu obtained a bachelor's degree in architectural environment and facilities engineering from Jimei University (集美大學) in Xiamen, Fujian in July 2008.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors and our Supervisors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, Supervisors, senior management or substantial or Controlling Shareholder of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed companies in the three years prior to the Latest Practicable Date.

Save as disclosed in the section headed "Relationship with our Controlling Shareholders", none of our Directors and our Supervisors have any interests in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. See "Appendix VII – Statutory and General Information" to this Prospectus for further information about our Directors and our Supervisors, including details of the interest of our Directors and our Supervisors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particulars of their service contracts and remuneration.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors and our Supervisors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors and our Supervisors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors and our Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

Confirmation by our Directors pursuant to Rule 3.09D of the Listing Rules

Each of our Directors confirm that, in March 2023 and April 2024, he/she has obtained legal advice from the Company's Hong Kong legal advisers, in relation to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Furthermore, each of the Directors has confirmed that he/she understood his/her obligations as a director of a listed issuer.

Confirmation by our independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors have confirmed to our Company: (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) he does not have any past or present financial or other interest in the business of our Group or any connection with any core connected person (as defined in the Listing Rules) of our Company; and (iii) there are no other factors that may affect his independence at the time of his appointment. Furthermore, each of our independent non-executive Directors has confirmed he will inform our Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence.

SENIOR MANAGEMENT

Mr. Hu Zunfa (胡遵法), aged 42, is the secretary to the Board, deputy general manager, director of the key customer department and one of the joint company secretaries of our Company. He is mainly responsible for overseeing the domestic sales, managing the key customers of our Group and providing secretarial services to our Company. Mr. Hu is also a director of Rongta (SG) and Rongta (Malaysia), each a wholly-owned subsidiary of the Company, from January 2025 and February 2025, respectively. Mr. Hu joined our Group in March 2018 as a manager of the first division of domestic business of our Company, and was subsequently promoted to become the senior manager of the division in November 2019 and the director of the key customer department in January 2021. He was designated as a Director in May 2021, and the secretary to the Board and deputy general manager of our Company in April 2021 and March 2023, respectively. In order to focus on his roles in overseeing our Group's operations and providing secretarial services to our Company, he ceased to be a Director in March 2023 but remains as the secretary to the Board, deputy general manager and director of the key customer department. He served as the chief financial officer of the Company from November 2023 to February 2025, and was appointed as the joint company secretary of our Company in March 2024.

Mr. Hu served in Xiamen Boltun Metal Co., Ltd. (廈門恒耀金屬有限公司), a company primarily engaged in the production and processing of various metal screws, nuts and other metal products, as a management trainee, Xiamen-KFC Limited (廈門肯德基有限公司), a company primarily engaged in catering management and a wholly-owned subsidiary of Yum China Holdings, Inc. (百勝中國控股有限公司) (a company whose shares are listed on the New York Stock Exchange (NYSE: YUMC) and the Stock Exchange (Stock Code: 9987)), as an operation assistant, and Xiamen Ruimao Equity Investment Co., Ltd.* (廈門瑞茂股權投資有限公司), a company principally engaged in equity investments, as the director of risk management from September 2016 to November 2017.

Mr. Hu obtained a master's degree and a bachelor's degree in business administration from Xiamen University (廈門大學) in Fujian, the PRC in September 2017 and Huaqiao University (華僑大學) in Fujian, the PRC in July 2005, respectively. Mr. Hu obtained the qualifications of Intermediate Economist (中級經濟師) in business management from the Ministry of Human Resources and Social Security (人力資源和社會保障部) of the PRC in November 2013. Mr. Hu had obtained the Securities Qualification Certificate issued by Securities Association of China in June 2016 and the Qualification of Listed Company Board Secretary issued by Shenzhen Stock Exchange in December 2021.

Mr. Fu Jianfang (傅劍芳) is the general manager of the scales division of our Group. Please refer to the paragraph headed "Supervisors" in this section for details of the biography of Mr. Fu.

Ms. Lin Cheng (林成), aged 40, is the director of the international department of our Company. Ms. Lin had been the deputy manager of the first division of our international department since she joined our Group on 20 February 2017 and was appointed as the manager of the division in February 2019. She was subsequently promoted to become the deputy director and the director of our international department in July 2019 and July 2022, respectively. She is mainly responsible for developing and maintaining the overseas market and managing the international sales team.

She served in Cheng Shin Rubber (Xiamen) Ind. Ltd. (廈門正新橡膠工業有限公司), a company primarily engaged in the production of tyres, as a manager, till March 2012. Afterwards and up to June 2015, she served in Xiamen Nabaichuan Trading Co., Ltd.* (廈門納佰川貿易有限公司), a company primarily engaged in the wholesale and retails of construction materials, apparel accessories and electronic products, as a manager. From November 2015 to December 2016, she served in Homietec Enterprise (Xiamen) Co., Ltd.* (豪美特實業(廈門)有限公司) (formerly known has Xiamen Homietec Enterprise Co., Ltd. (廈門豪美特實業有限公司)), a company primarily engaged in the production of disinfection products and trading and sales of various products, as a manager.

Ms. Lin obtained a bachelor's degree in English from Xiamen University Tan Kah Kee College (廈門大學嘉庚學院) in Fujian, the PRC in July 2008.

Mr. Chen Zhichuan (陳志川), aged 33, is the chief financial officer of our Company. Mr. Chen is mainly responsible for handling the financial matters of our Group. Mr. Chen joined our Group in June 2024 as the financial manager and was appointed as the chief financial officer on 26 February 2025.

Prior to joining our Group, Mr. Chen had served at the Xiamen branch of Grant Thornton from August 2015 to May 2019. From June 2019 to February 2021 and from October 2023 to June 2024, he worked at RSM China holding various positions such as project assistant, project manager with his last position being a manager. He served as the secretary to the board and assistant to the president at Xiamen Honglu Lianchuang Tools Co., Ltd.* (廈門鴻鷺聯創工具有限公司) from March 2021 to March 2023.

Mr. Chen obtained a bachelor's degree in human resources management from Jiangsu University of Science and Technology (江蘇科技大學) in June 2015. Mr. Chen had obtained Accounting Professional Qualification as an Intermediate Accountant in the PRC in September 2019 and he had also obtained the qualification certificate of board secretary issued by the Shenzhen Stock Exchange. Mr. Chen is also a member of the Chinese Institute of Certified Public Accountants.

JOINT COMPANY SECRETARIES

Mr. Hu Zunfa (胡遵法) has been appointed as our joint company secretary on 26 March 2024 with effective from the Listing Date. Please refer to the paragraph headed "Senior Management" in this section for details of the biography of Mr. Hu.

Ms. Kwok Yin Ting (郭彥廷), has been appointed as our joint company secretary on 26 March 2024 with effective from the Listing Date. Ms. Kwok is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Kwok has experience in the corporate secretarial field and provided professional corporate services. Ms. Kwok is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Kwok obtained a bachelor's degree in business administration and a master's degree in professional accounting and corporate governance.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and Strategy Committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our audit committee are to make recommendations to our Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of our Company. Our audit committee comprises three members, namely, Dr. Yu Xiaoou, Dr. Huang Liqin and Dr. Lim Kim Huat. Dr. Yu Xiaoou is the chairman of the audit committee. Dr. Lim Kim Huat is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our remuneration committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance-based remuneration; and ensure none of our Directors determine their own remuneration. Our remuneration committee comprises three members, namely Dr. Lim Kim Huat, Mr. Xu Kaihe and Dr. Yu Xiaoou. Dr. Lim Kim Huat is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee in compliance with Rule 3.27A of the Listing Rules and with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of our nomination committee are to review the structure, size and composition of our Board and our board diversity policy on a regular basis and assist the Board in maintaining a board skills matrix; identify individuals suitably qualified to become Board members; assess the independence of our independent non-executive Directors; make recommendations to our Board on relevant matters relating to the appointment or reappointment of Directors; and support our Company's regular evaluation of the Board's performance. Our nomination committee comprises three members, namely Dr. Huang Liqin, Ms. Lin Yanqin and Dr. Yu Xiaoou. Dr. Huang Liqin is the chairman of the nomination committee.

Strategy Committee

We have established a strategy committee. The primary duties of our strategy committee are to research and make recommendations to the Board on the long-term development strategies and plans and the major financing plans of the Company and other major strategic issues influencing the development of the Company; and review the implementation of the above matters. Our strategy committee comprises five members, namely, Mr. Xu Kaiming, Mr. Xu Kaihe, Ms. Lin Yanqin, Dr. Yu Xiaoou and Dr. Huang Liqin. Mr. Xu Kaiming is the chairman of the strategy committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Directors have a balanced mix of knowledge and skills, including in strategic and business development, business management, R&D, sales and marketing, accounting and corporate finance. The ages of our Directors range from 39 years old to 57 years old, and we have both male and female representatives on the Board. Our nomination committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our nomination committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

COMPLIANCE ADVISER

We have appointed Yue Xiu Capital Limited as our compliance adviser upon the Listing pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise us when we consult our Compliance Adviser in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues and share repurchases;

(iii) where our Group proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Xu Kaiming is the chairman of the Board and our president. Taking in account Mr. Xu's extensive experience in the industry, personal profile and critical role in our Group and its historical development, the Board considers that having these two roles performed by Mr. Xu will provide a strong and consistent leadership to our Group and allow for more effective and efficient business planning and management, and implementation of business strategies of our Group. The Board believes that the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board, with over one-third of them being independent non-executive Directors. As such, the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of the chairman of the Board and the president of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Except as disclosed above, we will comply with the code provisions stated in the Corporate Governance Code after the Listing. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgement.

REMUNERATION POLICY

Our Directors, Supervisor and senior management receive compensation in the form of director fees, salaries, allowances and benefits in kind, discretionary bonuses and/or retirement scheme contributions with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors, supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors, supervisors and senior management, by reference to, among other things, the market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. Our Directors confirmed that we have no plan to change our remuneration policy upon the Listing.

The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) for our Directors and Supervisors for each of the three years ended 31 December 2024 was approximately RMB3.3 million, RMB2.4 million and RMB2.0 million, respectively. None of our Directors or Supervisors waived or agreed to waive any remuneration during the aforesaid periods. Under the current arrangements, it is expected that the Directors and Supervisors will be entitled to receive remuneration of approximately RMB2.6 million for the year ending 31 December 2025 from our Company. The actual remuneration of our Directors and Supervisors in 2025 may be different from the expected remuneration.

For each of the three years ended 31 December 2024, the five highest paid individuals of our Company included three, four and four Directors and Supervisors, respectively. The aggregate remuneration (including salaries, allowances and benefits in kind and contributions to defined contribution plans) paid to our Group's five highest paid individuals excluding our Directors and Supervisors were approximately RMB0.4 million, RMB1.2 million and RMB0.6 million, respectively.

During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived or agreed to waive any emoluments during the Track Record Period.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, our Company was owned as to approximately 47.81% by Xiamen Rongxin, 39.77% by Mr. Xu Kaiming, 2.95% by Mr. Xu Kaihe, 1.33% by Xiamen Gaoli Zhongcheng and 1.19% by Xiamen Gaoli Hezhong; and Xiamen Rongxin was owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe. Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are employee shareholding platforms controlled by Mr. Xu Kaihe and Mr. Xu Kaiming respectively, each being a sole general partner of Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong respectively. Mr. Xu Kaihe is a sibling and thus an associate of Mr. Xu Kaiming. Therefore, Mr. Xu Kaiming and Mr. Xu Kaihe, directly and indirectly, held approximately 93.05% of our total issued share capital as at the Latest Practicable Date. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Xu Kaiming and Mr. Xu Kaihe will, directly and indirectly, hold approximately 74.98% of our total issued share capital. Accordingly, Mr. Xu Kaiming, Mr. Xu Kaihe, Xiamen Rongxin, Xiamen Gaoli Zhongcheng and Xiamen Gaoli Hezhong are regarded as a group of Controlling Shareholders upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after Listing taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management of our Company. Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Our Directors consider that our Board, together with our senior management, are able to function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, the Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests, details of which are set out in the paragraph headed "Corporate Governance Measures" in this section;

(c) with three independent non-executive Directors out of a total of six Directors in our Board, there will be independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders;

(d) connected transactions between our Group and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including the rules relating to annual reporting, review, announcement, circular and independent Shareholders' approval (where applicable); and

(e) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Operational Independence

We have established our own organisational structure comprising individual departments, each with specific areas of responsibilities. We have established a set of internal control mechanisms to facilitate the effective operations of our business. We have sufficient capital, facilities, equipment and employees to operate our business independently. We also have independent access to suppliers and customers and an independent management team to operate our business.

Further, we have our own operational and administrative resources and we do not share such resources with our Controlling Shareholders or other companies controlled by our Controlling Shareholders. We hold all the relevant licences, permits and approvals that are material to our business operation and own all the relevant intellectual properties necessary to carry on our business. Based on the above, our Directors consider that our Group can operate independently of our Controlling Shareholders after Listing.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. All loans, advances and balances due to and from our Controlling Shareholders and their respective close associates had been fully settled as at the Latest Practicable Date and all share pledges, guarantees and other securities provided by our Controlling Shareholders and their respective close associates for our borrowings will be fully released upon Listing.

In addition, our Group has sufficient capital to operate our business independently, and has adequate internal resources to support our daily operations. We have been and are capable of obtaining equity and debt financing from third parties. Accordingly, our Directors are of the view that our Group is financially independent of our Controlling Shareholders and any of their respective close associates upon Listing.

INTERESTS OF CONTROLLING SHAREHOLDERS IN OTHER BUSINESS

Our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognise the importance of good corporate governance in the protection of our Shareholders' interests. We will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of his/its associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted towards the quorum in the voting;

(b) our Group has established internal control mechanisms to identify connected transactions. If our Group enters into connected transactions with a Controlling Shareholder or any of his/its associates after Listing, we will comply with the applicable Listing Rules;

(c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. We have also appointed three Supervisors in accordance with the relevant PRC laws and regulations to supervise the performance of the duties by our Board. For details of our independent non-executive Directors and Supervisors, please refer to the paragraphs headed "Board of Directors – Independent Non-executive Directors" and "Supervisors" in the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(d) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(e) where we reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Yue Xiu Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and internal controls.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[(1)]		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[(1)]	
Name of Shareholder	**Capacity/ Nature of interest**	**Class of Shares**	**Number**	**Approximate percentage in the total share capital of our Company**	**Number**	**Approximate percentage in the total share capital of our Company**
Xiamen Rongxin	Beneficial Interest	H Shares	36,496,505 (L)	47.81%	36,496,505	38.53%
Mr. Xu Kaiming	Beneficial Interest	H Shares	30,354,873 (L)	39.77%	30,354,873	32.04%
	Interest in controlled corporation[(2)]	H Shares	37,405,685 (L)	49.00%	37,405,685	39.49%
Mr. Xu Kaihe	Beneficial interests	H Shares	2,250,953 (L)	2.95%	2,250,953	2.38%
	Interests in controlled corporations[(3)]	H Shares	1,016,717 (L)	1.33%	1,016,717	1.07%
	Interest held jointly with another person[(4)]	H Shares	36,496,505 (L)	47.81%	36,496,505	38.53%
Ms. Lin Yaqiong	Interest of spouse[(5)]	H Shares	67,760,558 (L)	88.77%	67,760,558	71.53%

Notes:

1. The letter "L" denotes the entity/person's long position (as defined under Part XV of the SFO) in such Shares.

2. Mr. Xu Kaiming holds 99% equity interests in Xiamen Rongxin and being the sole general partner, he controls Xiamen Gaoli Hezhong which is an employee shareholding platform. By virtue of the SFO, in addition to his direct shareholding, Mr. Xu Kaiming is deemed to be interested in the 36,496,505 Shares of our Company through Xiamen Rongxin and the 909,180 Shares of our Company through Xiamen Gaoli Hezhong.

3. Mr. Xu Kaihe is the sole general partner of and has control on Xiamen Gaoli Zhongcheng, which is an employee shareholding platform. By virtual of the SFO, in addition to his direct shareholding, Mr. Xu Kaihe is deemed to be interested in the 1,016,717 Shares of our Company through Xiamen Gaoli Zhongcheng.

4. Mr. Xu Kaihe held 1% interest in Xiamen Rongxin and he is presumed to be a group of Controlling Shareholders with Mr. Xu Kaiming, who has 99% interests in Xiamen Rongxin.

5. Ms. Lin Yaqiong is the spouse of Mr. Xu Kaiming and is deemed to be interested in the Shares in which Mr. Xu Kaiming is interested under the SFO.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased at the Offer Price with an aggregate amount of HK$80,300,000 (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy) (the "**Cornerstone Placing**"). The calculations in this section, which are based on the exchange rate as disclosed in the section headed "Information about this Prospectus and the Global Offering" in this prospectus, are for illustration purpose.

Based on the Offer Price of HK$12.0 per Offer Share (being the high end of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 6,690,500 H Shares, representing approximately 36.36% of the Offer Shares and approximately 7.06% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$11.0 per Offer Share (being the mid-point of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 7,299,000 H Shares, representing approximately 39.67% of the Offer Shares and approximately 7.70% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK$10.0 per Offer Share (being the low end of the Offer Price range), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 8,030,000 H Shares, representing approximately 43.64% of the Offer Shares and approximately 8.48% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. Our Company is of the view that by leveraging on the Cornerstone Investors' reputation, the Cornerstone Placing would contribute to elevating the profile of our Company and providing confidence to the market in respect of our business and prospects. Our Company became acquainted with (i) Hongkong Linktech, Mr. Cao Ke, Mr. Lin Xiaojian, Sinos Group, Ms. Li Shuhan, Mr. Ng Chi Fat through the business network of our Group and (ii) Main Achieve through introduction by one of the Underwriters.

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and will be listed on the Stock Exchange and counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules. The three largest public Shareholders will not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rule 8.08(3) and Rule 8.24 of the Listing Rules.

Immediately upon the completion of the Global Offering, (i) none of the Cornerstone Investors will become a substantial Shareholder; and (ii) the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. 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 Global Offering, 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.

To the best knowledge of our Company and after making reasonable enquiries:

(i) each of the Cornerstone Investors and their beneficial owners is an Independent Third Party, is not our connected person (as defined under the Listing Rules) or its respective associate(s), and is independent from the Underwriters;

(ii) is independent of other Cornerstone Investors;

(iii) none of the Cornerstone Investors or their shareholders are listed on any stock exchanges;

(iv) none of the Cornerstone Investors are accustomed to taking and have taken any instructions from our Company, our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in their name or otherwise held by them;

(v) none of the subscription of the relevant Offer Shares by the Cornerstone Investors is directly or indirectly financed by our Company, our subsidiaries, our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, existing Shareholder or any of its subsidiaries or their respective close associates; and

(vi) each Cornerstone Investor has confirmed that their subscriptions under the Cornerstone Placing is their respective independent investment decision and would be financed by its respective internal resources and/or own funds.

There are no side agreements and no side arrangements 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 Cornerstone Placing, and 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.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure and Conditions of the Global Offering – The Hong Kong Public Offering – Reallocation and Clawback" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be published by our Company.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before the Listing. Each of the Cornerstone Investors has agreed that our Company and the Overall Coordinator in their sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Where delayed delivery takes place, each of the Cornerstone Investors that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing.

OUR CORNERSTONE INVESTORS

The following information about each of the Cornerstone Investors was provided to our Company by the respective Cornerstone Investors in relation to the Cornerstone Placing.

Hongkong Linktech

Hongkong Linktech Technology Co., Limited ("**Hongkong Linktech**") is a company incorporated in Hong Kong with limited liability in 2018 and principally engaged in investments. Hongkong Linktech is wholly owned by Ms. Mao Zhili (茅志理), an Independent Third Party. Xiamen Xinheda New Energy Co., Ltd.* (廈門信和達新能源有限公司) is owned as to 20% by Ms. Mao Zhili and 80% by Xiamen Xinheda Electronics Co., Ltd.* (廈門信和達電子有限公司), which is one of our top five suppliers in FY2023 and the contracts of which were entered into in the ordinary course of business of our Company through arm's length negotiations and on normal commercial terms.

Hongkong Linktech confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Cao Ke

Mr. Cao Ke (曹柯) is an individual investor and an Independent Third Party. He is the chief executive officer of Hunan Dajing Power Technology Co., Ltd.* (湖南大井電源技術有限公司), a company engaged in R&D of power supply technology and testing, production and sales of electronic products, which is one of our top five suppliers for each of FY2022, FY2023 and FY2024. Mr. Cao has more than 20 years of experience in the electronic products industry. As confirmed by Mr. Cao Ke, he decided to invest in our Company because he is confident in our Company's business, prospect and leadership of our management team.

Lin Xiaojian

Mr. Lin Xiaojian (林小堅) is an individual investor, a businessman and an Independent Third Party. Mr. Lin has over a decade of experience in logistics and building materials industries. He also has experience in investments in the secondary markets for companies specialised in manufacturing of intelligent hardware and electronic products. As confirmed by Mr. Lin Xiaojian, he decided to invest in our Company because he is confident in our Company's business and prospect.

Sinos Group

Sinos Group Limited ("**Sinos Group**") is a company incorporated in Hong Kong with limited liability in 2023 and principally engaged in trading and import, export and manufacturing of construction material. Sinos Group is owned as to 100% by Zhongsheng Strait Construction Co., Ltd.* (中晟海峽建設有限公司) which is in turn wholly owned by Fujian Zhongsheng Group Co., Ltd.* (福建中晟集團有限公司). Fujian Zhongsheng Group Co., Ltd. is owned as to 75% by Zhong Huafeng (鍾華鋒) and 25% by Zhong Huawei (鍾華偉). Zhongsheng Strait Construction Co., Ltd., Fujian Zhongsheng Group Co., Ltd., Zhong Huafeng and Zhong Huawei are Independent Third Parties.

Sinos Group confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Li Shuhan

Ms. Li Shuhan (李舒菡) is an individual investor and an Independent Third Party. She is the assistant to the chairman of the board of Xiamen Longstar Lighting Co., Ltd. * (廈門龍勝達照明電器). Before joining Xiamen Longstar Lighting Co., Ltd., she worked as an investment manager and post-investment director in Qianhai Renzhi Capital Management Shenzhen Co., Ltd.* (前海仁智資本管理深圳有限公司), where she gained experience in investment in technology and Internet related industries. Ms. Li has previous investment experience in various other industries. As confirmed by Ms. Li Shuhan, she decided to invest in our Company because she is familiar with the industry and the prospect of our Company.

Main Achieve

Main Achieve Holdings Limited ("**Main Achieve**") is a company incorporated in the British Virgin Islands with limited liability in 2010 and principally engaged in investments. Main Achieve is owned as to 100% by Wang Xun (王迅), an Independent Third Party.

Main Achieve confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Ng Chi Fat

Mr. Ng Chi Fat (伍志發) is an individual investor, a businessman and an Independent Third Party. Mr. Ng is mainly focused in the jewellery industry and also had experience in investment in funds and stocks. As confirmed by Mr. Ng Chi Fat, he decided to invest in our Company because he is confident in our Company's business and prospect.

Set out below is the aggregate number of the Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK$10.0 per H Share (being the low end of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	1,000,000	6.04	5.43	1.06	1.03
Cao Ke	HK$5,000,000	500,000	3.02	2.72	0.53	0.51
Lin Xiaojian	HK$20,000,000	2,000,000	12.08	10.87	2.11	2.05
Sinos Group	HK$10,000,000	1,000,000	6.04	5.43	1.06	1.03
Li Shuhan	HK$2,000,000	200,000	1.21	1.09	0.21	0.21
Main Achieve	HK$30,000,000	3,000,000	18.12	16.30	3.17	3.08
Ng Chi Fat	HK$3,300,000	330,000	1.99	1.79	0.35	0.34

Based on the Offer Price of HK$11.0 per H Share (being the mid-point of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	909,000	5.49	4.94	0.96	0.93
Cao Ke	HK$5,000,000	454,500	2.74	2.47	0.48	0.47
Lin Xiaojian	HK$20,000,000	1,818,000	10.98	9.88	1.92	1.86
Sinos Group	HK$10,000,000	909,000	5.49	4.94	0.96	0.93
Li Shuhan	HK$2,000,000	181,500	1.10	0.99	0.19	0.19
Main Achieve	HK$30,000,000	2,727,000	16.47	14.82	2.88	2.80
Ng Chi Fat	HK$3,300,000	300,000	1.81	1.63	0.32	0.31

Based on the Offer Price of HK$12.0 per H Share (being the high-end of the Offer Price range)

Cornerstone Investor	Total investment amount	Number of Offer Shares to be acquired *(Note)*	Approximate % of the International Offering	Approximate % of Offer Share	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate % of the issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is fully exercised)
Hongkong Linktech	HK$10,000,000	833,000	5.03	4.53	0.88	0.85
Cao Ke	HK$5,000,000	416,500	2.52	2.26	0.44	0.43
Lin Xiaojian	HK$20,000,000	1,666,500	10.06	9.06	1.76	1.71
Sinos Group	HK$10,000,000	833,000	5.03	4.53	0.88	0.85
Li Shuhan	HK$2,000,000	166,500	1.01	0.90	0.18	0.17
Main Achieve	HK$30,000,000	2,500,000	15.10	13.59	2.64	2.56
Ng Chi Fat	HK$3,300,000	275,000	1.66	1.49	0.29	0.28

Note: The actual number of Offer Shares allocated to each Cornerstone Investor may vary due to the actual exchange rate as determined pursuant to the terms of the cornerstone investment agreements, subject to rounding down to the nearest whole board lot of 500 Offer Shares.

CONDITIONS PRECEDENT

The obligation of the Cornerstone Investors to acquire the relevant Offer Shares under the 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 these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinator (for itself and on behalf of the underwriters of the Global Offering);

(iii) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Shares under the Cornerstone Placing as well as other applicable waivers and approvals) (including those in connection with the subscription by the Cornerstone Investors of the Shares) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings, acknowledgements and confirmations of each of the Cornerstone Investors under the Cornerstone Investment Agreements are (as of the date of the Cornerstone Investment Agreements) and will be (as of the Listing Date and the closing of the subscription of the Offer Shares in accordance with the terms and conditions of the Cornerstone Investment Agreements) accurate, complete and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of each of the Company, the Sole Sponsor and the Sole Overall Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreements (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

SHARE CAPITAL

As at the Latest Practicable Date, the registered capital of our Company is RMB76,333,000, divided into 76,333,000 Shares with a nominal value of RMB1.0 each.

Assuming that the Over-allotment Option is not exercised, the registered capital of our Company immediately following the Global Offering will be increased to RMB94,733,000 and set out as follows:

Number of Shares	Description of Shares	Percentage of total share capital
76,333,000	H Shares to be converted from Domestic Shares	80.58%
18,400,000	H Shares to be issued under the Global Offering	19.42%
94,733,000		100.00%

Assuming that the Over-allotment Option is exercised in full, the registered capital of our Company immediately following the Global Offering will be increased to RMB105,600,500 and set out as follows:

Number of Shares	Description of Shares	Percentage of total share capital
76,333,000	H Shares to be converted from Domestic Shares	78.30%
18,400,000	H Shares to be issued under the Global Offering	18.87%
2,760,000	H Shares to be issued upon full exercise of the Over-allotment Option	2.83%
97,493,000		100.00%

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. It normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after the Listing.

SHARE CLASSES

Upon completion of the Global Offering and conversion of Domestic Shares into H Shares, our Domestic Shares and H Shares are both ordinary shares in our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC or via Shanghai-Hong Kong Stock Connect (滬港通) or Shenzhen-Hong Kong Stock Connect (深港通), H Shares generally cannot be subscribed for by or traded by legal or natural persons of the PRC. Domestic Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in Renminbi.

Except as described in this prospectus and in relation to the despatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarised in Appendix V to this prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as the PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

Our Domestic Shares are unlisted Shares which are currently not listed or traded on any stock exchange. According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, our Domestic Shares may be converted into H Shares. Such converted H Shares may be listed or traded on an overseas stock exchange provided that the conversion and trading of such converted shares shall have been duly completed pursuant to any requisite internal approval processes and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Upon completion of the Global Offering and pursuant to the filing notice of the CSRC dated 5 February 2025, 76,333,000 Domestic Shares will be converted to H Shares on a one-for-one basis and be listed for trading on the Stock Exchange as set out below. To the extent any Domestic Shares are not converted into H Shares, all unlisted Shares will comprise such number of Domestic Shares held by our Shareholders not converted into H Shares and we will have two categories of Shares, Domestic Shares and H Shares, depending on whether Shares are listed on the Stock Exchange. The term "unlisted shares" is used to describe whether certain shares are listed on a stock exchange and is not unique to PRC laws.

Listing Review and Filing with the CSRC

In accordance with the Overseas Listing Trial Measures and five relevant guidelines announced by the CSRC, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and trade on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf.

The Company applied for a "full circulation" filing when applying for an overseas listing filing with the CSRC on 24 April 2024, and submitted the filing reports, authorization documents of the shareholders of unlisted shares for which an H-share "full circulation" filing was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The Company has received the filing notice from the CSRC dated 5 February 2025 in relation to the filing of the overseas listing and "Full Circulation", pursuant to which:

(i) the Company filed with the CSRC to issue no more than 29,267,500 H Shares with a nominal value of RMB1.0 each, which are all ordinary shares, and upon this issuance the Company may be listed on the Main Board of the Stock Exchange;

(ii) the Company filed with the CSRC to convert a total of 76,333,000 Domestic Shares (with a nominal value of RMB1.0 each) held by certain Shareholders of the Company (the "**Full Circulation Participating Shareholders**") into H Shares, and the relevant Shares may be listed on the Stock Exchange upon completion of the conversion.

Where the Global Offering cannot be completed within one year upon receipt of the filing notice, and the Company will continue to conduct overseas listing and global offering after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee of the 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), which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Domestic Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. The Full Circulation Participating Shareholders may only deal in the Shares upon completion of following domestic procedures. No approval by the general meeting of Shareholders is required for the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform the Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(i) We will appoint China Securities Depository and Clearing Corporation Limited ("**CSDC**") as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at HKSCC in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) We will engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities Company**") for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorised by Shenzhen Stock Exchange;

(iii) The Shenzhen Stock Exchange shall authorise Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(iv) According to the Notice of SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知), the Full Circulation Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "Full Circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "Full Circulation" at the Hong Kong Securities Company; and

(v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Domestic Shares shall be reduced by the number of the Domestic Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

Conversion of Our Domestic Shares into H Shares after completion of the Global Offering

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the holders of these Domestic Shares may, at their own option, authorise the Company to apply to the CSRC for conversion of their respective Domestic Shares to H Shares after completion of the Global Offering, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been filed with the CSRC. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this section and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Domestic Shares after completion of the Global Offering.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary. Based on the procedures for the conversion of Domestic Shares into H Shares as set out below, we will apply for the listing of all or any portion of the Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Global Offering on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No approval by the general meeting of Shareholders is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Registration on our H Share register will be conditional on: (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares. The relevant procedural requirements for the conversion of Domestic Shares into H Shares are as follows:

(i) The holder of Domestic Shares shall complete the filing of the CSRC for the conversion of all or part of its Domestic Shares into H Shares.

(ii) The holder of Domestic Shares shall issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.

(iii) Subject to our Company being satisfied with the authenticity of the documents and with the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.

(iv) The relevant Domestic Shares will be withdrawn from the register of our Domestic Shares and re-registered on our H Share register maintained in Hong Kong on the condition that:

(a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant Shares on the H Share register and the due dispatch of share certificates; and

(b) the admission of the H Shares (converted from the Domestic Shares) to trade in Hong Kong will comply with the Listing Rules and the general rules of CCASS and CCASS Operational Procedures in force from time to time.

(v) Upon completion of the conversion, the shareholding of the relevant holder of Domestic Shares on the register of our Domestic Shares will be reduced by such number of Domestic Shares converted and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.

(vi) We will comply with the Listing Rules to inform Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

TRANSFER OF SHARES ISSUED PRIOR TO THE LISTING DATE

The PRC Company Law provides that in relation to the Global Offering of a company, the shares issued by a company prior to the Global Offering shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the trading of the H Shares converted from unlisted Shares technically within one year after the Listing. In the unlikely event that any Full Circulation Participating Shareholders trades their H Shares during such restriction period, as advised by the PRC Legal Advisers, there will be no administrative penalty on the Company under the PRC laws and regulations but there is risk that the underlying agreement for the transfer of such H Shares may be declared void pursuant to the Civil Code of the People's Republic of China.

Our Directors, Supervisors and senior management shall notify the Company of the Shares they hold and any changes therein. During their respective tenure of office, any Shares transferred by any of the Company's Directors, Supervisors and senior management in any year shall not exceed 25% of the relevant individual's total Shares in the Company. Shares held by any Director, Supervisor or senior management shall not be transferred within a period of one year from the Listing Date.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting required, see "Appendix IV – Summary of Principal Legal and Regulatory Provisions" and "Appendix V – Summary of Articles of Association."

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE SHARES

Subject to the completion of the Global Offering, pursuant to the Shareholders resolutions of the Company, the Board was granted with (a) a general mandate to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares (including any sale or transfer of the treasury Shares out of treasury) in issue as at the date of the resolution granting the general mandate; and (b) a general mandate to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued Shares (excluding any treasury Shares) as at the date of the resolution granting the general mandate.

For further details on this general mandate, see "Appendix VII – Statutory and General Information – A. Further Information about Our Company – 3. Shareholders' Resolutions of our Company".

The following discussion and analysis should be read in conjunction with our consolidated financial information included in "Appendix I – Accountant's Report" annexed to this prospectus. Our audited consolidated financial statements have been prepared in accordance with IFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are an Automatic Identification and Data Capture (AIDC) devices and solutions provider with a global sales network, dedicated to the design, R&D, manufacturing and marketing of speciality printers, scales, POS terminals and PDAs. We strive to assist businesses and individuals to continuously improve efficiency and accuracy in day-to-day operation and daily lives through introduction of AIDC devices and functionality like Internet of things (IoT) technology, cloud-based printing and AI integration. As at the Latest Practicable Date, we offered more than 100 standard models of products which are widely used in different industries including but not limited to retail, education, catering, logistics, warehousing, manufacturing, hospitality, medical and environmental industries. Our established international sales network consists of direct sales and sales to distributors. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in China, including but not limited to Beijing, Fujian, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

For FY2022, FY2023 and FY2024, our revenue amounted to RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and our gross profit amounted to RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024. Our adjusted net profit (non-IFRS measure) amounted to RMB45.6 million, RMB36.2 million and RMB49.6 million for FY2022, FY2023 and FY2024, respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period included the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of our Group as at 31 December 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective.

Our historical financial information of the Group have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("**IASB**"). All IFRSs effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The results of operations and financial condition of our Group have been and will continue to be, affected by a number of factors, including those discussed below and under the section headed "Risk Factors" in this prospectus.

Macroeconomic Conditions and Level of Customer Consumption

Our results of operations depend on a number of macroeconomic factors, including the global economic conditions, development of global trade policies and changes in the regulatory environment and economic condition of our targeted geographical markets.

Our products are generally utilised by end users to facilitate sales transaction with customers in different industries, including restaurants, logistic service providers and retailers. Any worsening of the economic conditions in our target geographical markets may result in inflation, rent hikes and increased labour cost, which may increase the operating costs of the end users of our products in those regions. This, in turn, may result in a decrease or delay in the purchase of our products and potential delay or default in payment by our customers and thus have an adverse impact on our profitability and financial results.

Our business also relies on the development of global trade policies. Any change in global trade policies, including both import and export trades for our target geographical markets and the jurisdictions where we operate, could have a significant impact on the demand for our products, our overall sales volume as well as our market share.

Relationship with Our Customers and Ability to Maintain Our Sales Network

For FY2022, FY2023 and FY2024, the aggregate revenue attributable to our top five customers each year were RMB164.7 million, RMB126.2 million and RMB95.0 million, respectively, which accounted for 41.9%, 36.2% and 27.2% of our total revenue, respectively. For the same periods, revenue attributable to our largest customer each year was RMB90.0 million, RMB62.6 million and RMB41.2 million, which accounted for 22.9%, 18.0% and 11.8% of our total revenue, respectively. As at the Latest Practicable Date, we had established relationship with our five largest customers ranging from two to nine years. While we have broadened our customer base during the Track Record Period, significant reduction in purchase from our key customers which may be created by factors such as deterioration of business relationship, unsatisfaction of our products or services, miscommunication and poor experiences in conflict resolution and disagreement in the pricing of our Group's products, may adversely affect our business, financial conditions and results of operations.

Change in Product Mix

Our revenue and profitability are affected by our product mix as selling prices and profitability vary with different types of products. As a result, any material changes in our product mix, whether due to changes in our growth strategies, market conditions, customer demand or otherwise, may adversely affect our financial condition and results of operations.

For FY2024, our revenue derived from and gross profit margin of our major products, namely printing equipment, scales, POS terminals and PDAs and accessories and other purchased products, was RMB243.4 million, RMB53.1 million, RMB33.6 million and RMB17.8 million, and 27.2%, 37.7%, 23.3% and 24.7%, respectively.

Relationship with Our Suppliers and Cost of Raw Materials

During the Track Record Period, our major raw materials for the manufacturing of our products include printheads, motors, batteries, PCBAs, ICs and other hardware components. The cost of raw materials in relation to our production amounted to RMB250.9 million, RMB217.5 million and RMB212.1 million for FY2022, FY2023 and FY2024, respectively, and accounted for 82.7%, 82.6% and 84.6% of our total cost of sales for FY2022, FY2023 and FY2024, respectively.

We cannot assure that we can fully pass the cost of increase in raw materials onto our customers. Future price increases in raw materials or changes in the supply of raw materials may materially and adversely affect our business, financial condition and results of operation.

During the Track Record Period, the amount of purchases of our top five suppliers of our Group each year in aggregate amounted to RMB79.3 million, RMB70.4 million and RMB55.9 million, respectively, for FY2022, FY2023 and FY2024, which accounted for 26.1%, 55.9% and 22.3% of our total cost of sales during the same period. For FY2022, FY2023 and FY2024, our amount of purchases from our largest supplier each year amounted to RMB35.2 million, RMB31.5 million and RMB22.9 million, respectively, which accounted for 11.6%, 12.0% and 9.1% of our total cost of sales, respectively. Please refer to the section headed "Business – Suppliers" in this prospectus for further details of our major suppliers.

Sensitivity analysis

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of raw materials in relation to our production on our profit before income tax during the Track Record Period.

	Increase/decrease in the cost of raw materials		
	–/+5%	**–/+10%**	**–/+15%**
	RMB'000	*RMB'000*	*RMB'000*
Increase/decrease in profit before income tax			
FY2022	12,546	25,091	37,637
FY2023	10,874	21,747	32,621
FY2024	10,604	21,207	31,811

Prospective investors should note that the above analysis on the historical financial information is for reference only and should not be viewed as actual effect.

Exposure to Foreign Currency Exchange Rate Fluctuations

We have a significant amount of overseas sales from overseas customers. During the Track Record Period, our overseas sales are predominantly denominated in USD. Our sales may also be denominated in EUR. For FY2022, FY2023 and FY2024, we generated revenue of RMB178.5 million, RMB158.7 million and RMB164.8 million from our overseas sales, which accounted for 45.4%, 45.5% and 47.1% of our total revenue for the corresponding period respectively. As such, we are exposed to foreign currency risk. If there is any material fluctuation of the aforesaid currencies against the local currency adopted, our results of operations may be materially affected. We may from time to time enter into foreign exchange forward contracts to reduce our exposure in foreign exchange risk. We recorded financial assets at fair value through profit or loss from foreign currency forward contracts of RMB1.5 million as at 31 December 2022, meanwhile we recorded financial liabilities from foreign currency forward contracts of RMB2.1 million and nil as at 31 December 2023 and 2024, respectively. We recognised net exchange gain of RMB3.3 million, RMB0.9 million and RMB2.1 million for FY2022, FY2023 and FY2024, respectively, which was attributable to the weakening RMB against USD during such period.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in USD and RMB exchange rate, with all other variables held constant, of our Group's profit after tax (due to profit or loss to changes in the exchange rates arises mainly from RMB-dollar denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges during the Track Record Period):

	Increase/ (decrease) profit after tax
	RMB'000
FY2022	
USD/RMB exchange rate – increase 10%	6,372
USD/RMB exchange rate – decrease 10%	(6,372)
FY2023	
USD/RMB exchange rate – increase 10%	8,534
USD/RMB exchange rate – decrease 10%	(8,534)
FY2024	
USD/RMB exchange rate – increase 10%	2,222
USD/RMB exchange rate – decrease 10%	(2,222)

Prospective investors should note that the above analysis on the historical financial information is for reference only and should not be viewed as actual effect.

Interest Rates

We are exposed to interest rate risk arising from bank borrowings during the Track Record Period. As at 31 December 2022, 2023 and 2024, our bank borrowings amounted to RMB110.2 million, RMB86.8 million and RMB89.3 million, respectively. For FY2022, FY2023 and FY2024, our finance costs attributable to bank borrowings amounted to RMB2.0 million, RMB2.3 million and RMB2.8 million, respectively. Our average interest rates were 3.57%, 3.20% and 3.03% for FY2022, FY2023 and FY2024, respectively. Therefore, our results of operations will be affected by changes in interest rates.

Preferential Tax Treatment and Government Grants

We received various government grants from local government authorities amounted to RMB11.2 million, RMB6.7 million and RMB13.5 million in FY2022, FY2023 and FY2024, respectively, which were recorded in our other income in our consolidated statements of comprehensive income. During the Track Record Period, we also received preferential tax treatment. Our Company was recognised as High and New Technology Enterprises and therefore was entitled to a preferential income tax rate of 15% during the Track Record Period. To the extent that the governmental authorities decide to reduce or cancel such government grants or preferential tax treatment applicable to us, or if we fail to successfully or timely obtain the government grants or preferential tax treatment available to us, such changes or failures could adversely affect our business, financial condition, results of operations and prospects.

The Impact of COVID-19

During the Track Record Period and up to the Latest Practicable Date, we did not experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic, and our production activities did not encounter any disruption, nor has our product delivery been disrupted by the COVID-19 pandemic.

In contrast, the demand of our portable study printers were indirectly stimulated by the COVID-19 pandemic as students tended to print worksheet for study purpose in light of the social restrictions.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic had not, and will not have, any material adverse impact on our business, financial condition or results of operations.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are material to the preparation of our Group's consolidated financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Set out below are some of our material accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations. For details of our accounting policies, estimates and judgements, please refer to note 4 and note 40 to the Accountant's Report in Appendix I to this prospectus.

Material Accounting Policies

Set out below are details related to certain material accounting policies of our Group:

Revenue recognition

Revenue from sales of printers equipment, scales, POS terminals and PDAs and accessories and other purchased products is recognised when control of the products has been transferred to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or our Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of products is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term.

Since development and certification services are usually completed only in a short period of time, the revenue generated from the services mentioned above is recognised upon completion of the services.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful life.

The estimated useful life and residual values are shown as follows:

	Estimated useful life
Buildings	40 years
Machinery and equipment	3–10 years
Office furniture and fixtures	3–5 years
Vehicles	4 years

Investment properties

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life. The residual values and useful life of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

Our Group depreciates investment properties with a limited useful life using the straight-line method over the following periods:

	Estimated useful life
Buildings	40 years
Land-use right	50 years

Right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by our Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets of our Group consist of up-front the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

R&D expenditures

Our Group incurs costs and effort on R&D activities which include expenditures on prototypes and testing. Research expenditures are charged to the consolidated statement of comprehensive income as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be clearly assign to a newly developed product or process and all the following can be demonstrated:

- the technical feasibility to complete the development project so that it will be available for use or sale;

- the intention to complete the development project to use it;

- the ability to use the development project;

- the manner-in-which the development project will generate probable future economic benefits for the Group;

- the availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and

- the expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset relating to development expenditures is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalised in intangible assets include employee costs, costs of raw materials, depreciations and other expenses incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognised in the consolidated statements of profit or loss as incurred.

Capitalised development expenditures are amortised using a straight-line method over the expected useful lives ranging between 3 to 5 years.

Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For financial assets, impairment is assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at an amortised cost.

Share-based compensation expenses

The fair value of the employee services received in exchange for the grant of equity instruments (the "**share-based compensation**") is the difference between the fair value of each award share of the Company and the cash consideration to be paid by the participant (the "**Participants**") of our employee share ownership plans (the "**ESOP**"), and is recognised as an expense in "employee benefit expenses" in the consolidated statement of comprehensive income, with a corresponding increase in equity.

The fair value of each award share grant under the ESOP and other issues during the Track Record Period was determined by reference to the consideration paid by third party investors in the latest equity investment transactions value during the latest external financing before or after the date of grant. The respective employees and directors are entitled to receive the same dividend as the other shareholders. Accordingly, no features of the equity instruments granted were incorporated as adjustments into the measurement of fair value.

The total amount of share-based compensation was expensed over the vesting period which started from the respective dates of grant since 2017 and until 31 December 2022, according to the ESOP.

At the end of each reporting period during the Track Record Period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, our Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

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 our Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

Critical Estimates and Judgements

In the process of applying our Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimation of provision for potential litigation claim

Our Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when our Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of in house or external legal counsels.

Provision for impairment of trade receivables

Our Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk default and the expected loss rates. Our Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of comprehensive income. For details of the assessment of loss allowance for trade receivables during the Track Record Period please refer to note 3.1(b) to the Accountant's Report in Appendix I to this prospectus.

Provision for impairment of inventories

Our Group reviews the condition of inventories at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Our Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the future sales projection, latest market prices and current market conditions. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

Estimated useful life and residual values of items of property, plant and equipment

Our Group determines the estimated useful life and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Our Group will increase the depreciation charge where useful life are less than previously estimated life, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual value. Periodic reviews could result in a change in useful lives and residual values and therefore, changes in depreciation expenses in the future periods.

SUMMARY OF RESULTS OF OPERATIONS

The following table sets out the summary of our Group's consolidated results for the Track Record Period, which are derived from, and should be read in conjunction with the consolidated financial information contained in the Accountant's Report set out in Appendix I to this prospectus:

	FY2022	FY2023	FY2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	393,273	348,749	350,062
Cost of sales	(303,412)	(263,285)	(250,697)
Gross profit	89,861	85,464	99,365
Other income	12,858	10,404	16,883
Other gains/(losses) – net	4,374	(2,260)	1,193
Selling and marketing expenses	(24,789)	(22,531)	(25,013)
General and administrative expenses	(25,567)	(31,130)	(30,505)
R&D expenses	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets	6	(165)	173
Operating profit	43,779	30,999	46,743
Finance income	430	818	971
Finance costs	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)
Profit before income tax	42,378	29,554	44,885
Income tax expense	(4,931)	(1,951)	(3,538)
Profit for the year	37,447	27,603	41,347

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also present the adjusted net profit for the years and adjusted net profit margin as non-IFRS measures.

We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of Listing expenses and share-based payment. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The table below sets forth a reconciliation of our net profit for the year under IFRS to adjusted net profit (non-IFRS measures) for the periods indicated by adding back (i) the Listing expenses and (ii) share-based payment which is non-cash in nature and does not result in cash outflow. Therefore, by eliminating the impacts of such items in the calculation of adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures), this measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year and from period to period.

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	37,447	27,603	41,347
Add:			
Share-based payment	8,158	–	–
Listing expenses	–	8,605	8,293
Adjusted net profit (non-IFRS measure)	45,605	36,208	49,640
Adjusted net profit margin (non-IFRS measure)	11.6%	10.4%	14.2%

Although these financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered as measures comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

For FY2022, FY2023 and FY2024, we recorded revenue of RMB393.3 million, RMB348.7 million and RMB350.1 million, respectively, and such revenue was principally generated from the sales of our printing equipment, scales, POS terminals and PDAs, accessories and other purchased products. During the Track Record Period, our products were sold to not less than 30 provinces, municipalities and autonomous regions in the PRC, including but not limited to Beijing, Xiamen, Jiangsu, Zhejiang, Sichuan and Guangdong, and over 140 countries, including but not limited to the United States, Malaysia, Spain, France, Argentina, Brazil and the United Arab Emirates.

Revenue by product and service segment

The following table sets out a breakdown of our revenue by product and service segment and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	**304,408**	**77.4**	**261,082**	**74.9**	**243,373**	**69.5**
– Receipt printers	116,414	29.6	113,412	32.5	94,293	26.9
– Barcode label printers	63,957	16.3	82,749	23.7	104,379	29.8
– Portable study printers	87,793	22.3	60,564	17.4	43,753	12.5
– Printing modules and other printers	36,244	9.2	4,357	1.2	948	0.3
Scales	**35,761**	**9.1**	**47,250**	**13.5**	**53,087**	**15.2**
– AI scales	28,582	7.3	33,549	9.6	40,501	11.6
– Conventional scales	7,179	1.8	13,701	3.9	12,586	3.6
POS terminals and PDA	**23,583**	**6.0**	**16,497**	**4.7**	**33,564**	**9.6**
– POS terminals	23,129	5.9	13,714	3.9	25,662	7.3
– PDA	454	0.1	2,783	0.8	7,902	2.3
Accessories and other purchased products	**25,591**	**6.5**	**15,333**	**4.4**	**17,849**	**5.1**
– Parts	20,305	5.2	12,834	3.7	13,668	3.9
– Raw materials and other purchased products	5,286	1.3	2,499	0.7	4,181	1.2
Others *(Note)*	**3,930**	**1.0**	**8,587**	**2.5**	**2,189**	**0.6**
Total	**393,273**	**100.0**	**348,749**	**100.0**	**350,062**	**100.0**

Note: Others mainly comprised tooling and provision of development and certification services. We generally charge product development fees for designing and developing new customised products with specifications that require substantial R&D input, and tooling fees for producing new moulds for the production of new customised products with design and/or size modifications, and service fee for the arrangement of certifications (such as Federal Communications Commission certificate and China Compulsory Certification, which are prerequisite certification for the products to be sold in the United States and the PRC, respectively) for customised products upon our customers' request.

During the Track Record Period, we recorded relatively higher revenue in FY2022, primarily because (i) the sales of our portable study printers to Customer Group A peaked in FY2022 over the period, as the demand for portable study printers was indirectly stimulated by the increased demand for printing study materials, exercise and notes due to the social restrictive measures implemented during the COVID-19 pandemic; and (ii) Customer C placed one-off bulk purchase orders amounted to RMB34.6 million for our printing equipment in FY2022. Historically, Customer C placed bulk purchase orders for our printing equipment at intervals of four to five years.

Sales volume and average selling price

The table below sets out the sales volume, average selling price and price range of our products during the Track Record Period:

	FY2022			FY2023			FY2024		
	Sales volume	**Average selling price**	**Price range**	**Sales volume**	**Average selling price**	**Price range**	**Sales volume**	**Average selling price**	**Price range**
	(thousand pieces)	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*
Printing equipment	**1,631**	**187**	**10–7,528**	**1,241**	**210**	**13–4,188**	**1,276**	**194**	**14–7,221**
– Receipt printers	501	233	53–7,528	440	258	53–3,453	482	196	52–960
– Barcode label printers	235	273	52–5,694	400	207	55–4,188	485	213	52–7,221
– Portable study printers	572	153	53–565	340	178	53–649	265	165	14–592
– Printing modules and other printers	323	111	10–613	61	73	13–962	45	69	53–803
Scales	**30**	**1,191**	**601–5,892**	**33**	**1,390**	**230–10,013**	**42**	**1,283**	**155–4,711**
– AI scales	22	1,323	885–5,442	23	1,489	726–10,013	29	1,415	619–4,711
– Conventional scales	9	854	601–5,892	10	1,309	230–5,239	13	997	155–4,700
POS terminals and PDA	**15**	**1,572**	**235–6,991**	**11**	**1,532**	**235–4,698**	**22**	**1,525**	**389–4,698**
– POS terminals	15	1,572	235–6,991	9	1,523	235–3,814	16	1,630	389–4,308
– PDA	0.3	1,571	874–3,543	2	1,392	692–4,698	6	1,244	706–4,698

	FY2022			FY2023			FY2024		
	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range	Sales volume	Average selling price	Price range
	(thousand pieces)	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*	*(thousand pieces)*	*(RMB)*	*(RMB)*
Accessories and other purchased products	**1,463**	**17**	**0.01–2,938**	**861**	**18**	**0.01–4,573**	**3,339**	**5**	**0.01–3,777**
– Parts	459	44	0.07–1,923	235	55	0.49–4,573	228	60	0.12–3,777
– Raw materials and other purchased products	1,004	5	0.01–2,938	626	4	0.01–3,097	3,111	1.3	0.01–3,031

Average selling price

Printing equipment

The decrease in the average selling price of our printing equipment in FY2024 was primarily due to a downward adjustment in prices aimed at maintaining our market share. This was partially offset by an increase in sales of hazardous waste label printers, which have a higher unit price.

The increase in the average selling price of our printing equipment in FY2023 was mainly due to the absence of bulk purchase orders of RMB33.5 million in FY2022 from Customer C for a certain type of printing equipment, which have a relatively lower unit price of around RMB110 as compared to the average selling price of our printing equipment of RMB187 for FY2022.

Scales

The decrease in the average selling price of our scales in FY2024 was primarily because we downward adjusted the selling price of conventional scales in FY2024 to maintain our market share in view of the price cut of our competitors.

The increase in the average selling price of our scales in FY2023 was mainly attributable to (i) the increase in export of conventional scales and (ii) the increase in sales of AI scales, both of which generally have a higher selling price.

POS terminals and PDA

The average selling price of our POS terminals and PDA remained relatively stable during the Track Record Period.

Accessories and other purchased products

The substantial decrease in the average selling price of our accessories and other purchased products in FY2024 was primarily due to the increase in the sales of raw materials and other purchased products, resulting from our sales of slow-moving and obsolete materials at a low unit price to two electronic components traders in the PRC as part of enhancement of our inventories management.

The average selling price of our accessories and other purchased products in FY2023 remained relatively stable.

Revenue by sales channel

The following table sets out information about our revenue by sales channel and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Direct sales						
– Printing equipment	296,949	75.5	243,330	69.8	233,090	66.6
– Scales	23,748	6.0	30,726	8.8	50,347	14.4
– POS terminals and PDAs	21,014	5.4	15,597	4.5	33,236	9.5
– Accessories and other purchased products	24,926	6.3	13,013	3.7	16,510	4.7
– Others*(Note)*	3,905	1.0	8,553	2.4	2,160	0.6
Sub-total	370,542	94.2	311,219	89.2	335,343	95.8
Sales to distributors						
– Printing equipment	7,459	1.9	17,752	5.1	10,283	2.9
– Scales	12,013	3.1	16,524	4.7	2,740	0.8
– POS terminals and PDAs	2,569	0.6	900	0.3	328	0.1
– Accessories and other purchased products	665	0.2	2,320	0.7	1,339	0.4
– Others*(Note)*	25	0.0	34	0.0	29	0.0
Sub-total	22,731	5.8	37,530	10.8	14,719	4.2
Total	393,273	100.0	348,749	100.0	350,062	100.0

Note: Others mainly comprised tooling and provision of development and certification services.

Revenue by geographical location

The following table sets out information about our revenue by geographical location and its percentage in terms of our total revenue during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PRC	214,756	54.7	190,054	54.5	185,272	52.9
Asia (except the PRC)*(Note 1)*	53,232	13.5	58,860	16.9	56,894	16.3
Europe*(Note 2)*	47,836	12.2	39,276	11.3	37,601	10.7
United States	48,389	12.3	38,105	10.9	36,531	10.4
Americas (except the United States)*(Note 3)*	16,714	4.2	14,938	4.3	20,265	5.8
Africa*(Note 4)*	9,868	2.5	5,651	1.6	10,750	3.1
Oceania*(Note 5)*	2,478	0.6	1,865	0.5	2,749	0.8
Total	393,273	100.0	348,749	100.0	350,062	100.0

Notes:

1. Our sales to Asia include, among others, sales to Malaysia, the United Arab Emirates, India, Thailand, Japan, South Korea, and the Philippines but exclude the PRC.

2. Our sales to Europe include, among others, sales to Spain, Netherlands, France, Germany and Italy.

3. Our sales to the Americas include, among others, sales to Mexico, Argentina, Brazil and Canada but exclude the United States.

4. Our sales to Africa, include, among others, sales to South Africa and Algeria.

5. Our sales to Oceania include, among others, sales to Australia and New Zealand.

Cost of Sales

Our cost of sales for FY2022, FY2023 and FY2024 amounted to RMB303.4 million, RMB263.3 million and RMB250.7 million, respectively.

The following table sets out the breakdown of our cost of sales and its percentage in terms of our total cost of sales during the Track Record Period:

	FY2022		**FY2023**		**FY2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of raw materials	250,912	82.7	217,474	82.6	212,072	84.6
Labour costs	33,076	10.9	27,100	10.3	26,580	10.6
Direct production expenses*(Note 1)*	8,138	2.7	9,036	3.4	7,880	3.1
Depreciation and amortisation*(Note 2)*	5,077	1.7	7,803	3.0	7,401	3.0
Provision for/(reversal of) impairment of inventories	5,534	1.8	925	0.3	(3,296)	(1.3)
Others	675	0.2	947	0.4	60	0.0
Total	303,412	100.0	263,285	100.0	250,697	100.0

Notes:

1. Direct production expenses mainly comprised transportation expenses, other taxes and levies and liabilities.

2. Depreciation and amortisation mainly comprised depreciation of property, plant and equipment, right-of-use assets, and amortisation of intangible assets.

Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our cost of sales during the Track Record Period.

Cost of sales by product and service segment

The table below sets out a breakdown of costs of sales of our products and services and its percentage in terms of our total cost of sales during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	235,642	77.7	205,561	78.1	177,266	70.7
Scales	27,834	9.2	31,070	11.8	33,078	13.2
POS terminals and PDAs	18,999	6.2	12,052	4.6	25,744	10.3
Accessories and other purchased products	17,610	5.8	9,812	3.7	13,449	5.4
Others	3,327	1.1	4,790	1.8	1,160	0.5
Total	303,412	100.0	263,285	100.0	250,697	100.0

Gross profit and gross profit margin

Our gross profit for FY2022, FY2023 and FY2024 was RMB89.9 million, RMB85.5 million and RMB99.4 million, respectively. Our gross profit margin for the same periods was 22.8%, 24.5% and 28.4%, respectively.

Gross profit and gross profit margin by product and service segment

The following table below sets out a breakdown of our gross profit and gross profit margin by product and service segment during the Track Record Period:

	FY2022		FY2023		FY2024	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Printing equipment	**68,766**	**22.6**	**55,521**	**21.3**	**66,108**	**27.2**
– Receipt printers	37,570	32.2	37,823	33.4	29,436	31.6
– Barcode label printers	6,964	10.9	8,511	10.3	29,163	28.2
– Portable study printers	13,463	15.3	7,305	12.1	6,224	14.2
– Printing modules and other printers	10,768	30.1	1,882	42.3	1,285	42.0
Scales	**7,927**	**22.2**	**16,180**	**34.2**	**20,008**	**37.7**
– AI scales	7,364	26.5	12,258	36.5	15,562	38.4
– Conventional scales	363	5.1	3,922	28.6	4,446	35.3
POS terminals and PDA	**4,584**	**19.4**	**4,445**	**26.9**	**7,820**	**23.3**
– POS terminals	4,366	18.9	3,998	29.2	6,401	24.9
– PDA	218	48.0	448	16.1	1,419	18.0
Accessories and other purchased products	**7,981**	**31.2**	**5,521**	**36.0**	**4,400**	**24.7**
– Parts	6,341	31.2	4,714	36.7	4,639	33.9
– Raw materials and other purchased products	1,641	31.0	807	32.3	(239)	(5.7)
Others	**603**	**15.3**	**3,797**	**44.2**	**1,029**	**47.0**
Total	**89,861**	**22.8**	**85,464**	**24.5**	**99,365**	**28.4**

During the Track Record Period, our gross profit margin showed consistent improvement, increasing from 22.8% for FY2022 to 28.4% for FY2024. For details of the fluctuations in gross profit margin during the Track Record Period, please refer to paragraph headed "Review of Historical Results of Operation" in this section.

Other Income

Our other income mainly comprised incentive and subsidies received from government authorities (i) for our contributions to local employment market, (ii) improvement in production efficiency, (iii) enhancement of innovation capabilities and in support of our R&D activities, (iv) VAT refund which is incidental to our sales and recurring in nature, and (v) others and rental income from leasing our investment properties. Our other income for FY2022, FY2023 and FY2024 were RMB12.9 million, RMB10.4 million and RMB16.9 million, representing 3.3%, 3.0% and 4.8% of our total revenue, respectively, during the same period.

Other (Losses)/Gains – Net

Our other (losses)/gains – net mainly represented net loss on disposal of property, plant and equipment, exchange gain – net primarily represented the gain or loss recognised due to the fluctuation of exchange rate of RMB against USD, gain from changes in fair values on wealth management products offered by reputable commercial banks in the PRC and gain or loss from changes in fair values on foreign currency forward contracts and others. The following tables sets out a breakdown of our other (losses)/gains – net during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain – net	3,331	947	2,133
Gain from changes in fair values on wealth management products	476	347	469
Gain/(loss) from changes in fair values on foreign currency forward contracts	511	(3,900)	(1,307)
Net loss on disposal of property, plant and equipment	(98)	–	(84)
Others	154	346	(18)
	4,374	(2,260)	1,193

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprised labour cost of our sales staffs, advertising and other marketing expenses, e-commerce platforms and related service fees, travel expenses and entertainment expenses, depreciation of property, plant and equipment and rights-of-use assets. The following table sets out a breakdown of our selling and marketing expenses and its percentage in terms of our total selling and marketing expenses during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Labour costs	15,617	63.0	10,797	47.9	13,301	53.2
Advertising and other marketing expenses	4,208	17.0	5,542	24.6	6,660	26.6
E-commerce platforms and related service fees	3,673	14.8	4,324	19.2	2,998	12.0
Travel expenses and entertainment expenses	401	1.6	1,238	5.5	856	3.4
Depreciation *(Note 1)*	461	1.9	344	1.5	330	1.3
Others	429	1.7	286	1.3	868	3.5
Total	24,789	100.0	22,531	100.0	25,013	100.0

Note:

1. Depreciation mainly comprised depreciation of property, plant and equipment and right-of-use assets.

Our selling and marketing expenses amounted to RMB24.8 million, RMB22.5 million and RMB25.0 million for FY2022, FY2023 and FY2024, representing 6.3%, 6.5% and 7.1% of our total revenue, respectively, for the same periods. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our selling and marketing expenses during the Track Record Period.

General and Administrative Expenses

Our general and administrative expenses primarily comprised labour costs of our administrative staff, Listing expenses, office and administrative expenses, consulting and professional fee, depreciation of property, plant and equipment and rights-of-use assets and amortisation of intangible assets. The following table sets out a breakdown of our general and administrative expenses and its percentage in terms of our total general and administrative expenses during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Labour costs	18,449	72.2	16,575	53.2	18,403	60.3
Listing expenses	–	–	8,605	27.6	8,293	27.2
Office and administrative expenses *(Note 1)*	2,269	8.9	2,101	6.8	1,482	4.9
Depreciation and amortisation *(Note 2)*	1,708	6.7	1,547	5.0	1,555	5.1
Consulting and professional fees	1,925	7.5	1,788	5.7	654	2.1
Others	1,216	4.7	514	1.7	118	0.4
Total	25,567	100.0	31,130	100.0	30,505	100.0

Notes:

1. Office and administrative expenses mainly comprised transportation expenses, utilities, stationery and travel and entertainment expenses.

2. Depreciation and amortisation mainly comprised depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets.

Our general and administrative expenses amounted to RMB25.6 million, RMB31.1 million, and RMB30.5 million for FY2022, FY2023 and FY2024, representing 6.5%, 8.9% and 8.7% of our total revenue, respectively, during the same period. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our general and administrative expenses during the Track Record Period.

R&D Expenses

Our R&D expenses primarily comprised employee benefit expenses for our R&D staff and raw materials and consumables used in R&D activities. The following table sets out a breakdown of our R&D expenses and its percentage in terms of our total R&D expenses during the Track Record Period:

	FY2022		FY2023		FY2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Labour costs	11,379	87.8	7,084	80.7	12,218	79.6
Materials cost	139	1.1	110	1.2	599	3.9
Depreciation	107	0.8	479	5.5	423	2.8
Other expenses	1,339	10.3	1,110	12.6	2,113	13.7
Total	12,964	100.0	8,783	100.0	15,353	100.0

Our R&D expenses amounted to RMB13.0 million, RMB8.8 million and RMB15.4 million for FY2022, FY2023 and FY2024, representing 3.3%, 2.5% and 4.4% of our total revenue respectively, during the same period. Please refer to the paragraph headed "Review of Historical Results of Operation" in this section for the reason of the fluctuations in our R&D expenses during the Track Record Period.

Reversal of/(Provision for) Impairment Losses on Financial Assets

Our reversal of/(provision for) impairment losses on financial assets mainly represented the net loss allowance or reversal for expected credit loss on trade receivables. Our impairment loss on trade receivables for a particular reporting period was calculated primarily based on the expected credit loss rate of our trade receivables as at the end of the period as compared to that of the prior period. The expected credit loss rates are based on days past due of receivables from various customer groups with similar risk characteristics and is adjusted for forward-looking estimates. The calculation reflects the probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. We recorded reversal of impairment on financial assets of RMB6,000 for FY2022 and RMB0.2 million for FY2024, and provision for impairment losses on financial assets of RMB0.2 million for FY2023.

Finance Income and Costs

Our financial income mainly includes our interest income on bank deposits and loans to our Controlling Shareholders. Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. Lease liabilities mainly represented lease agreements for our factory building and office. The following table sets out a breakdown of our finance costs – net during the Track Record Period:

	FY2022	FY2023	FY2024
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
– Interest income on bank deposits	34	143	930
– Interest income on amounts due from related parties	396	675	41
	430	818	971
Finance costs			
– Interest expenses on bank borrowings	(2,033)	(2,259)	(2,813)
– Interest expenses on lease liabilities	(25)	(4)	(16)
	(2,058)	(2,263)	(2,829)
Amounts capitalised in qualifying assets of construction in progress	227	–	–
	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)

Please refer to paragraphs headed "Indebtedness and Contingent Liabilities" in this section for details of our bank borrowings and "Review of Historical Results of Operation" in this section for reasons of the fluctuation of our financial cost during the Track Record Period.

Income Tax Expense

Income tax expense primarily consisted of current and deferred tax at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

As for PRC enterprise income tax, the Company was granted with the qualification of High and New Technology Enterprises on 1 December 2020 and was entitled to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2020. The Company was further granted with the same qualification on 7 December 2023 and is entitled to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2023. During the Track Record Period, all our subsidiaries were qualified as "Small and Low-profit Enterprise" ("**SLE**") and are entitled to preferential income tax treatment during the Track Record Period. Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE's annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

For FY2022, FY2023 and FY2024, our income tax expense were RMB4.9 million, RMB2.0 million and RMB3.5 million, respectively. Our Group's overall effective tax rates which were calculated by dividing income tax expense with our profit before income tax, were 11.6%, 6.6% and 7.9% for the same periods.

REVIEW OF HISTORICAL RESULTS OF OPERATION

FY2024 as compared to FY2023

Revenue

Our revenue increased from RMB348.7 million for FY2023 to RMB350.1 million for FY2024.

By product segment

Revenue derived from the sales of printing equipment decreased from RMB261.1 million for FY2023 to RMB243.4 million for FY2024. The decline in revenue was primarily driven by the decrease in sales of portable study printers to Customer Group A by RMB21.4 million. Our portable study printers are designed for students to print study exercises and notes for home study, and such demand was stimulated by the increased home-based learning due to COVID-19 related social restrictive measures. However, coinciding with the lifting of these restrictions during FY2023, the gradual return to physical lessons and tutoring led to a decrease in market demand for portable study printers for home study in FY2023. This softening of demand continued in FY2024 as a result of the full resumption of physical lessons and tutoring. Such decrease was partially offset by the increase in sales of newly launched hazardous waste label printers of RMB13.8 million.

Revenue derived from the sales of scales increased from RMB47.3 million for FY2023 to RMB53.1 million for FY2024 as we extended our sales to cover new overseas customers, in particular, new customers in Thailand and Kazakhstan of RMB3.1 million and RMB2.0 million, respectively.

Revenue derived from the sales of POS terminals and PDAs increased significantly from RMB16.5 million for FY2023 to RMB33.6 million for FY2024, as the sales volume of our POS terminals and PDAs doubled, as compared to FY2023. Our sales volume significantly increased following the launch of several new models in FY2023 and FY2024 designed to closely align with current market demands. For instance, we commenced sales of five new models such as AP12S Handheld POS Terminal, A2 Desktop POS Terminal and i2 Handheld Data Terminal, which are generally applied in retail sales, logistic, entertainment and medical sectors. Sales of these models, which commenced since July 2023, generated revenue of RMB0.6 million in FY2023 and RMB13.4 million in FY2024.

Revenue derived from the sales of accessories and other purchased products increased from RMB15.3 million for FY2023 to RMB17.8 million for FY2024. Such increase was primarily due to (i) the increase in sales of parts to our existing customers. In particular, one of our customers in Brazil increased its purchase of parts by RMB1.0 million alongside with its purchase of our printing equipment and POS terminals; and (ii) the sales of obsolete raw materials that are no longer being used in production, mainly including electronic parts such as motherboards, liquid-crystal display (LCD) modules and monitors.

Revenue derived from others decreased from RMB8.6 million for FY2023 to RMB2.2 million for FY2024. The decrease was attributed to a decline in product development projects and orders for customised products that require new moulds and certification services.

By geographical location

Despite our revenue remained stable for FY2023 and FY2024, our revenue derived from the PRC, Americas (except the United States) and Africa experienced certain degree of fluctuation in FY2024.

Our revenue derived from the PRC decreased from RMB190.1 million for FY2023 to RMB185.3 million for FY2024. Such decrease was primarily attributable to the decrease in sales of portable study printers to Customer Group A by RMB21.4 million, as partially offset by the sales of newly launched hazardous waste label printers of RMB13.8 million.

Our revenue derived from Americas (except the United States) increased from RMB14.9 million for FY2023 to RMB20.3 million for FY2024. Such increase was primarily attributable to the increase in sales of upgraded models of POS terminals launched in FY2023 equipped with upgraded motherboard and random access memory of RMB4.2 million in FY2024 in Americas (except the United States).

Our revenue derived from Africa increased from RMB5.7 million for FY2023 to RMB10.8 million for FY2024. Such increase was primarily attributable to the increase in sales of scales of RMB2.9 million. In particular, the revenue derived from our best selling model of AI scales increased by RMB1.6 million in FY2024 in Africa.

Cost of sales

Our cost of sales decreased from RMB263.3 million for FY2023 to RMB250.7 million for FY2024, despite the increase in revenue. Such decrease was mainly due to (i) the increased utilisation of bulk purchase discount and our efforts in obtaining better terms with our suppliers for raw materials in relation to the production of our printing equipment and scales, and (ii) the reversal of impairment of inventories as a result of the decrease in the carrying amount of long ageing inventories, which was mainly due to the implementation of enhanced inventory management polices that set out the standard operation procedures in relation to the utilisation, monitoring and disposal of slow-moving inventories.

Gross profit and gross profit margin

Our gross profit increased from RMB85.5 million for FY2023 to RMB99.4 million for FY2024. Such increase was primarily due to the increase in gross profit of printing equipment, scales and POS terminals and PDAs of RMB10.6 million, RMB3.8 million and RMB3.4 million in FY2024.

Our gross profit margin increased from 24.5% for FY2023 to 28.4% for FY2024. Such increase was mainly attributable to (i) the sales of hazardous waste label printers which has a higher gross profit margin, (ii) the increase in the proportion of sales of scales which generally have a higher gross profit margin, (iii) the decrease in sales of printing equipment with lower gross profit margin to our customers in the PRC, and as partially offset by the decrease in gross profit margin of accessories and other purchased products as explained below.

By product and service segment

Our gross profit margin of printing equipment increased from 21.3% for FY2023 to 27.2% for FY2024. Such increase was primarily due to the increase in sales of our newly launched hazardous waste label printers in March 2024, which generally have a higher gross profit margin compared to other printing equipment due to their connectivity with the national or local hazardous waste treatment platforms and exclusive collaboration with the software company. For details, please refer to section headed "Business – Our Products – Printing Equipment" in this prospectus.

Our gross profit margin of scales increased from 34.2% for FY2023 to 37.7% for FY2024. Such increase was mainly attributable to the decrease in unit cost of our scales resulting from our efforts in obtaining better terms with our suppliers and the increased utilisation of bulk purchase discount.

Our gross profit margin of POS terminals and PDAs decreased from 26.9% for FY2023 to 23.3% for FY2024, which was attributable to (i) the decrease in gross profit margin of our POS terminals as we reduced the selling price of certain models in order to increase market presence of our POS terminals. For instance, the average unit price of our model with the highest sales volume in FY2024, which was launched in FY2023 with upgraded hardware including motherboard and random access memory, decreased by approximately 4.4%. Meanwhile, the sales volume for this model quadrupled in FY2024; and (ii) the decrease in the proportion of sales of POS terminals, which generally have a higher gross profit margin as compared to PDAs. Our POS terminals generally have a higher gross profit margin compared to our PDAs due to (i) our ability to secure better pricing for raw materials used for the production of POS terminals, facilitated by our higher production volume of POS terminals relative to PDAs during the Track Record Period. For instance, the average unit cost of certain type of our POS terminal motherboards, which cannot be used for the production of PDAs, decreased by 3.2% on average in FY2024 along with increased purchase volume correlating with higher POS terminal sales; and (ii) the pricing of PDAs was competitive due to market competition.

Our gross profit margin of accessories and other purchased products decreased from 36.0% for FY2023 to 24.7% for FY2024. The decrease was primarily due to (i) the sales of electronic parts, such as motherboards, liquid-crystal display (LCD) modules and monitors, which were specifically prepared for the production of certain models that has been phased out, of RMB0.3 million to two electronic components traders in the PRC at gross loss to clear up slow-moving and obsolete inventories. For FY2022 and FY2023, provision for impairment of inventories in relation to such raw materials of RMB0.9 million and RMB0.3 million were charged to the consolidated statement of comprehensive income, respectively. Upon the disposal of such slow-moving and obsolete raw materials, we further recorded a gross loss of RMB0.2 million in FY2024; and (ii) the increase in sales of parts of printing equipment of RMB1.2 million with a lower gross profit margin of 15.0% to an existing customer in Brazil in view of our long-standing business relationship with such customer since 2016. Our Directors confirm that (i) the electronic component traders and the customer in Brazil are Independent Third Parties; and (ii) saved for the disclosed business relationship, the electronic component traders, the customer in Brazil and their associates do not have any past or present relationships (including business, employment, family, trust, financing, fund flow or otherwise) with our Group, our Shareholders, Directors or senior management, or any of their respective associates.

Our gross profit margin of others remained relatively stable for FY2023 and FY2024.

Other income

Our other income increased from RMB10.4 million for FY2023 to RMB16.9 million for FY2024, which was primarily due to the increase in government grants and subsidies.

Other gains/(losses) – net

Our other losses – net of RMB2.3 million for FY2023 turned around to other gains – net of RMB1.2 million for FY2024. Such turnaround was primarily due to the increase in exchange gain – net by RMB1.2 million and the decrease in loss from changes in fair values of foreign currency forward contracts of RMB0.5 million.

Selling and marketing expenses

Our selling and marketing expenses increased from RMB22.5 million for FY2023 to RMB25.0 million for FY2024 mainly attributable to the increase in labour costs. Such increase in labour costs was partially offset by the decrease in e-commerce platforms and related service fees in FY2024, which was primarily due to the decrease in the overseas e-commerce platforms-related advertisement fee as we reallocated resources from online promotions to attending exhibitions as the market recovered from the impact of the COVID-19 pandemic and the decrease in sales on overseas e-commerce platform in FY2024. In FY2024, we attended 13 exhibitions, as compared to 8 exhibitions in FY2023.

General and administrative expenses

Our general and administrative expenses remained relatively stable at RMB31.1 million for FY2023 and RMB30.5 million for FY2024.

R&D expenses

Our R&D expenses increased from RMB8.8 million for FY2023 to RMB15.4 million for FY2024 mainly because (i) more resources were allocated to R&D projects for developing upgraded products for iteration, where costs for such projects will not be capitalised, and (ii) the number of R&D staff and their wages had been increased generally in FY2024. In FY2024, the number of R&D projects that met the criteria for capitalisation decreased to 18 as compared to 30 for FY2023. For details of the criteria for capitalisation of R&D expenditures, please refer to the paragraph headed "Material Accounting Policies and Critical Estimates and Judgements – Material Accounting Policies – R&D Expenditures" in this section and note 16 to the Accountant's Report in Appendix I to this prospectus.

Provision for impairment losses on financial assets

We recorded reversal of impairment losses on financial assets of RMB0.2 million for FY2024 as compared to net impairment losses on financial assets of RMB0.2 million for FY2023, which was mainly because of the decrease in the balance of trade and note receivables that aged over 1 year as at 31 December 2024 as compared to 31 December 2023.

Finance costs – net

Our finance income and finance costs remained relatively stable for FY2023 and FY2024 respectively.

Income tax expenses

Our income tax expenses increased from RMB2.0 million for FY2023 to RMB3.5 million for FY2024, which was primarily due to the increase in our profit before income tax by RMB15.3 million.

Our effective tax rate increased from 6.6% for FY2023 to 7.9% for FY2024. Such increase was mainly due to the combined effect of (i) the increase in our taxable profit as a result of the increase in gross profit, and (ii) the amount of tax deduction from R&D expenditure remained stable for FY2024.

Net profit and net profit margin

As a result of the foregoing, our net profit increased from RMB27.6 million for FY2023 to RMB41.3 million for FY2024. Our net profit margin increased from 7.9% for FY2023 to 11.8% for FY2024. Such increase was primarily attributable to the increase in (i) our gross profit margin by 3.9 percentage points in FY2024 and (ii) other income from RMB10.4 million for FY2023 to RMB16.9 million for FY2024 as a result of the increase in government grants received.

Adjusted net profit (Non-IFRS Measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. We recognised adjusted net profit (non-IFRS measure) of RMB36.2 million and RMB49.6 million for FY2023 and FY2024, respectively. Please refer to paragraph headed "Non-IFRS Measures" in this section for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

FY2023 as compared to FY2022

Revenue

Our revenue decreased from RMB393.3 million for FY2022 to RMB348.7 million for FY2023.

By product segment

Revenue derived from the sales of printing equipment decreased from RMB304.4 million for FY2022 to RMB261.1 million for FY2023, mainly due to the decrease in sales to Customer C, one of our top five customers for FY2022, by RMB33.5 million from RMB34.6 million for FY2022 to RMB1.1 million for FY2023. Historically, Customer C placed one-off bulk purchase orders for our printing equipment at intervals of four to five years.

Revenue derived from the sales of scales increased by 32.1% from RMB35.8 million for FY2022 to RMB47.3 million for FY2023. The increase in revenue derived from sales of scales was mainly attributable to the increase in sales of our AI scales in FY2023 since the launch of our AI scales products in FY2022 and the increase in overseas sales of conventional scales of RMB4.6 million.

Revenue derived from the sales of POS terminals and PDAs decreased from RMB23.6 million for FY2022 to RMB16.5 million for FY2023. Such decrease was mainly due to decrease in sales to (i) an existing customers in France of RMB4.4 million as the orders from such customer were driven by a one-off project which was completed in FY2022; and (ii) an existing customer in Italy of RMB1.4 million due to enhanced product requirements that our existing models were unable to meet at that time. We subsequently launched a new model of POS terminal with improved design and upgraded hardware components in 2023. Following the launch of this new model, there was a recovery in sales to such customer from RMB0.6 million in FY2023 to RMB1.3 million in FY2024.

Revenue derived from the sales of accessories and other purchased products decreased from RMB25.6 million for FY2022 to RMB15.3 million for FY2023. Such decrease was mainly attributable to the decrease in sales to (i) existing customers in Brazil and Republic of Bulgaria of RMB3.2 million and RMB2.4 million, respectively. Our Directors believe that such customers reduced the size of orders in view of the then market conditions; and (ii) the decrease in sales to an existing customer in Spain. In particular, orders from such customer for the year ended 31 December 2021 were delivered in FY2022, whereas the orders in FY2022 and FY2023 were delivered within the respective fiscal years. Therefore, we recognised more revenue from such customer in FY2022.

Revenue derived from others increased from RMB3.9 million for FY2022 to RMB8.6 million for FY2023. Such increase was primarily attributable to the increase in revenue derived from product development service as we undertook an AI scale development project in amount of RMB3.6 million.

By geographical location

The decrease in our revenue for FY2023 was mainly due to the decrease in our sales in the PRC, Europe and the United States.

Our revenue derived from the PRC decreased from RMB214.8 million for FY2022 to RMB190.1 million for FY2023. Such decrease was primarily attributable to the decrease in sales of printing equipment to our existing customers. In particular, our sales to Customer Group A decreased by RMB27.4 million in FY2023. Our Directors believe that the decrease in sales to Customer Group A was mainly due to the softened market demands for portable study printer, which was generally used for preparing and printing study exercises and notes, when physical lessons or tutoring had gradually revived after the impact of COVID-19 in FY2023.

Our revenue derived from Europe decreased from RMB47.8 million for FY2022 to RMB39.3 million for FY2023, which was primarily attributable to (i) the decrease in sales to an existing customer in France of RMB4.4 million and (ii) the decrease in sales to a customer in Spain of RMB2.5 million as explained above.

Our revenue derived from the United States decreased from RMB48.4 million for FY2022 to RMB38.1 million for FY2023. Such decrease was mainly attributable to (i) the decrease in sales to an existing customer of RMB8.3 million and (ii) the decrease in overseas sales to Customer Group B by RMB1.8 million as it increased its purchase through subsidiaries in the PRC in FY2023.

Cost of sales

Our cost of sales decreased from RMB303.4 million for FY2022 to RMB263.3 million for FY2023, which was generally in line with the decrease in our revenue.

Gross profit and gross profit margin

Our gross profit decreased from RMB89.9 million for FY2022 to RMB85.5 million for FY2023. Such decrease was primarily attributable to the decrease in gross profit of printing equipment of RMB13.2 million in FY2023, which was generally in line with the decrease in revenue derived from sales of printing equipment and partially offset by the increase in gross profit of scales mainly due to the increase in sales of AI scales and the increase in overseas sales of conventional scales.

Our gross profit margin increased from 22.8% for FY2022 to 24.5% for FY2023. Such increase was mainly attributable to (i) the increase in sales of AI scales, which generally have a higher gross profit margin as compared to conventional scales, (ii) the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales in FY2023, and (iii) the decrease in provision of inventories of RMB4.6 million. Such decrease in provision of inventories was mainly due to (i) the slowdown in growth of long-aged inventories over one year (excluding specific inventory provision) in FY2023 as compared to FY2022; and (ii) a specific inventory provision of RMB2.5 million for raw materials and work-in-progress was made in FY2022 for obsolete inventories which were mainly prepared for the production of dot matrix invoice printers, while only RMB0.4 million specific inventories provision was made in FY2023. The decrease in demand for dot matrix invoice printer was mainly due to the popularisation of electronic invoice in the PRC.

By product and service segment

Our gross profit margin of printing equipment decreased from 22.6% for FY2022 to 21.3% for FY2023. Such decrease was primarily due to the absence of sales of printing modules to Customer C, which generally has a higher gross profit margin resulting from additional requirements by the customer such as the usage of high corrosion resistance materials.

Our gross profit margin of scales increased from 22.2% for FY2022 to 34.2% for FY2023. Such increase was mainly attributable to the increase in sales of AI scales, which generally have a higher gross profit margin and the increase in overseas sales of conventional scales, which generally have a higher gross profit margin as compared to domestic sales of conventional scales mainly due to fierce price competition in the PRC. According to Frost & Sullivan, (i) there are large numbers of market participants in the PRC, leading to significant price competition; and (ii) domestic customers, including small businesses and factories, prioritise affordability over brand reputation, which forces manufacturers to lower their prices.

Our gross profit margin of POS terminals and PDAs increased from 19.4% for FY2022 to 26.9% for FY2023. Such increase was primarily due to the increase in gross profit margin of POS terminals. The gross profit margin for FY2022 was relatively low as we reduced the selling price of certain outdated models which have a lower profit margin, in order to clear up our stocks in contemplation of the launch of iterated models with improved motherboard and random-access memory in FY2023.

Our gross profit margin of accessories and other purchased products increased from 31.2% for FY2022 to 36.0% for FY2023. The increase was primarily due to (i) the increase in proportion of sales of parts by 4.4 percentage points and (ii) the increase in the gross profit margin of parts.

Our gross profit margin of others increased significantly from 15.3% for FY2022 and 44.2% for FY2023. Such increase was mainly attributed to as the AI scale development project had a higher gross profit margin of 63.6%.

Other income

Our other income decreased from RMB12.9 million for FY2022 to RMB10.4 million for FY2023, which was primarily due to the decrease in government grants and subsidies. Such decrease was partially offset by the increase in rental income.

Other losses – net

We recorded other losses – net of RMB2.3 million for FY2023 as compared to other gains – net of RMB4.4 million for FY2022. Such losses was mainly attributable to the turnaround from gain from changes in fair values on forward foreign exchange contracts of RMB0.5 million for FY2022 to loss of RMB3.9 million for FY2023, as a result of the weakening of RMB against USD from USD1:RMB6.8966 as at 1 January 2023 to USD1:RMB7.1429 as at 31 December 2023. Meanwhile, the average exchange rate under the forward foreign exchange contracts that had not been mature as at 31 December 2023 was USD1:RMB6.9486.

Selling and marketing expenses

Our selling and marketing expenses decreased from RMB24.8 million for FY2022 to RMB22.5 million for FY2023. Such decrease was primarily attributable to the decrease in labour cost of RMB4.8 million, which was mainly due to the absence of share-based payments of RMB3.1 million in FY2023 and the decrease in number of sales and marketing staff in FY2022.

General and administrative expenses

Our general and administrative expenses increased from RMB25.6 million for FY2022 to RMB31.1 million for FY2023 which was primarily due to the increase in Listing expenses of RMB8.6 million and partially offset by the decrease in labour costs of RMB1.8 million as a result of the absence of share-based payments in FY2023.

R&D expenses

Our R&D expenses decreased from RMB13.0 million for FY2022 to RMB8.8 million for FY2023. Such decrease was primarily due to the decrease in labour costs mainly resulting from (i) the increase of capitalisation of R&D expenses and (ii) the absence of share-based payment of RMB2.2 million in FY2023.

Reversal of/(provision for) impairment losses on financial assets

We recorded provision for impairment losses on financial assets of RMB0.2 million for FY2023, as compared to reversal of impairment losses on financial assets of RMB6,000 for FY2022, which was mainly due to the increase in carrying amount of gross trade receivables from RMB22.8 million as at 31 December 2022 to RMB57.9 million as at 31 December 2023.

Finance costs – net

Our finance income increased from RMB0.4 million for FY2022 to RMB0.8 million for FY2023. Such increase was mainly due to the increase in interest income on amounts due from our Controlling Shareholders of RMB0.3 million. Our finance costs increased from RMB1.8 million for FY2022 to RMB2.3 million for FY2023.

Income tax expenses

Our income tax expenses decreased from RMB4.9 million for FY2022 to RMB2.0 million for FY2023, which was mainly due to the decrease in our profit before income tax by RMB12.8 million.

Our effective tax rate decreased from 11.6% for FY2022 to 6.6% for FY2023. Such decrease was primarily attributable to the combination effect of the decrease in our profit before income tax and the favourable tax policy on R&D expenditure deductible to tax expenses which remained stable at RMB2.9 million and RMB3.0 million for FY2022 and FY2023, respectively. For details of the reconciliation of our income tax expenses and income tax under the statutory tax rate, please refer to note 11 to the Accountant's Report in Appendix I to this prospectus.

Net profit and net profit margin

As a result of the foregoing, our net profit decreased from RMB37.4 million for FY2022 to RMB27.6 million for FY2023. Our net profit margin decreased from 9.5% for FY2022 to 7.9% for FY2023. Such decrease was primarily due to the turnaround of other gains – net of RMB4.4 million for FY2022 to other losses – net of RMB2.3 million for FY2023.

Adjusted net profit (Non-IFRS Measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. We recognised adjusted net profit (non-IFRS measure) of RMB45.6 million and RMB36.2 million for FY2022 and FY2023, respectively. Please refer to paragraph headed "Non-IFRS Measures" in this section for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

Net current assets

The table below sets out a summary of our current assets and current liabilities as at 31 December 2022, 2023, 2024 and 31 March 2025, being the latest practicable date for the purpose of determining our indebtedness:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
CURRENT ASSETS				
Inventories	90,001	87,187	64,446	68,064
Trade receivables	24,306	60,181	66,166	60,680
Prepayments and other receivables	15,773	22,068	20,231	24,474
Amounts due from related parties	39,036	32,492	–	–
Financial assets at fair value through profit or loss	56,542	11,504	22,422	13,410
Restricted cash	6,787	2,304	–	–
Cash and cash equivalents	23,427	15,141	7,609	14,326
Total current assets	255,872	230,877	180,874	180,954
CURRENT LIABILITIES				
Trade payables	46,038	68,098	43,811	38,597
Accruals and other payables	43,108	20,866	23,802	20,287
Borrowings	60,224	37,483	57,942	68,922
Contract liabilities	14,945	10,307	7,715	6,748
Lease liabilities	325	96	126	127
Financial liabilities at fair value through profit or loss	–	2,114	–	–
Current tax liabilities	4,218	1,436	786	11
Provision	11,000	11,000	11,000	11,000
Total current liabilities	179,858	151,400	145,182	145,692
Net current assets	76,014	79,477	35,692	35,262

Our net current assets remained relatively stable at RMB35.7 million and RMB35.3 million as at 31 December 2024 and 31 March 2025, respectively.

Our Group recorded a decrease in net current assets from RMB79.5 million as at 31 December 2023 to RMB35.7 million as at 31 December 2024. Such decrease was mainly due to the offset of amounts due from related parties of RMB32.5 million mainly by way of share repurchase and capital reduction in March 2024 and increase in bank borrowings, in particular RMB21.4 million of non-current borrowings as at 31 December 2023 have been reclassified as current borrowings as at 31 December 2024.

Our Group recorded an increase in net current assets from RMB76.0 million as at 31 December 2022 to RMB79.5 million as at 31 December 2023. Such increase was mainly due to the decrease in current liabilities outweighed the decrease in current assets. The decrease in current assets of RMB25.0 million was mainly due to the decrease in financial assets at fair value through profit or loss and cash and cash equivalents, being partially offset by the increase in trade receivables. The decrease in current liabilities of RMB28.5 million was mainly due to the decrease in accruals and other payables and contract liabilities, which was partially offset by the increase in trade payable.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations and bank borrowings.

Cash Flows

The following table sets out selected cash flows data from our consolidated statements of cash flows for the year indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	60,436	24,521	54,630
Net cash (used in)/generated from investing activities	(99,298)	29,582	(28,133)
Net cash generated from/(used in) financing activities	44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents	6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year	15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents	1,398	356	268
Cash and cash equivalents at end of year	23,427	15,141	7,609

Net Cash Generated from Operating Activities

For FY2024, we recorded net cash from operating activities of RMB54.6 million. The aforesaid net cash generated was principally due to profit before income tax of RMB44.9 million, which was positively adjusted by (i) the decrease in inventories of RMB26.0 million and (ii) the depreciation and amortisation of RMB11.8 million as partially offset by (i) the decrease in trade payables of RMB24.3 million and (ii) the increase in trade receivables of RMB5.8 million.

For FY2023, we recorded net cash from operating activities of RMB24.5 million. The aforesaid net cash generated was principally due to profit before income tax of RMB29.6 million, which was positively adjusted by (i) the increase in trade payables of RMB22.1 million and (ii) the increase in accruals and other payables of RMB6.4 million, as offset by (i) the increase in trade receivables of RMB36.0 million and (ii) the increase in prepayments and other receivables of RMB4.9 million income tax paid.

For FY2022, we recorded net cash from operating activities of RMB60.4 million. The aforesaid net cash generated was principally due to profit before income tax of RMB42.4 million which was positively adjusted by (i) the decrease in inventories of RMB26.3 million and (ii) the decrease in trade receivables of RMB6.7 million, as partially offset by (i) the decrease in trade payables of RMB29.2 million and (ii) the decrease in contract liabilities of RMB7.1 million.

Net Cash (Used In)/Generated from Investing Activities

For FY2024, we recorded net cash used in investing activities of RMB28.1 million, which was primarily attributable to (i) the net purchase of financial assets at fair value through profit or loss of RMB13.9 million, (ii) the purchase for intangible assets of RMB8.5 million, mainly represented the capitalised R&D costs, and (iii) the purchase of property, plant and equipment of RMB8.1 million.

For FY2023, we recorded net cash from investing activities of RMB29.6 million, which was primarily attributable to (i) the net proceeds from sales of financial assets at fair value through profit or loss, which mainly comprised wealth management products we purchased from reputable bank in the PRC, of RMB43.6 million and (ii) repayment of loans from our Controlling Shareholders of RMB7.2 million, as partially offset by (i) the net payment for property, plant and equipment of RMB14.9 million and (ii) purchase of intangible assets of RMB10.8 million.

For FY2022, we recorded net cash used in investing activities of RMB99.3 million, which was primarily attributable to (i) loans to related parties of RMB38.6 million, (ii) net payments for property, plant and equipment of RMB37.8 million, and (iii) the net payment for financial assets at fair value through profit or loss of RMB8.3 million.

Net Cash from/(Used in) Financing Activities

For FY2024, we recorded net cash used in financial activities of RM34.3 million, which was primarily attributable to (i) dividend paid to shareholders of the Company of RMB31.5 million as partially offset by the net proceeds from borrowing of RMB2.6 million.

For FY2023, we recorded net cash used in financial activities of RMB62.7 million, which was primarily attributable to (i) dividend paid to shareholders of the Company of RMB35.0 million and (ii) the net repayment of borrowing of RMB23.1 million.

For FY2022, we had net cash from financing activities of RMB44.9 million, which was primarily attributable to the proceeds from net increase of bank borrowing of RMB52.5 million, as partially offset by dividend paid to shareholders of the Company of RMB5.0 million.

Working Capital

Notwithstanding the sharp decline in cash and cash equivalents throughout the Track Record Period, taking into account our internal financial resources including cash and cash equivalents of RMB14.3 million and investment in wealth management products which were redeemable on demand of RMB13.4 million as at 31 March 2025, our net cash generated from operations and available banking facilities of RMB125.0 million as at the Latest Practicable Date, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment mainly consisted of buildings, machinery and equipment, office furniture and fixtures, vehicles and construction in progress. As at 31 December 2022, 2023 and 2024, the carrying amount of our property, plant and equipment amounted to RMB85.5 million, RMB84.3 million and RMB84.4 million, respectively. The carrying amount of our property, plant and equipment remained relatively stable as at 31 December 2022, 2023 and 2024.

Investment Properties

Our investment properties consist one block of the building and certain floor areas of another building situated in our New Xiamen Base. For further details of the investment property, please refer to the section headed "Business – Properties" in this prospectus.

Our investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 40 years for building and 50 years for land-use right. The carrying amount of our investment properties was RMB42.0 million, RMB41.0 million and RMB40.0 million as at 31 December 2022, 2023 and 2024, respectively.

Intangible Assets

Our intangible assets comprise capitalised R&D expenditure and company software acquired amounting to RMB12.8 million, RMB19.8 million and RMB23.0 million as at 31 December 2022, 2023 and 2024, respectively.

Our intangible assets were mostly related to the capitalisation of R&D expenditures, which accounted for 99.5%, 99.3% and 99.4% of our intangible assets balances as at 31 December 2022, 2023 and 2024, respectively. For details of our accounting policy in relation to recognition of R&D expenditure as assets, please refer to section headed "Material Accounting Policies and Critical Estimates and Judgements – Material Accounting Policies – R&D Expenditures" in this section.

Inventories

The table below sets out the breakdown of our inventories and net of provision as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work in progress	1,563	93	779
Finished goods	48,624	39,806	28,091
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
Total	90,001	87,187	64,446

Our inventories mainly consisted of raw materials, work in progress and finished goods. Our raw materials mainly included printheads, motors, batteries, PCBAs, ICs and other hardware components. Our finished goods consisted of our finished products which had not yet been delivered to our customers.

Our inventories decreased from RMB90.0 million as at 31 December 2022 to RMB87.2 million as at 31 December 2023, and further decreased to RMB64.4 million as at 31 December 2024.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Our provision for impairment of slow moving and obsolete inventories amounted to RMB12.6 million, RMB13.4 million and RMB8.9 million, respectively as at 31 December 2022, 2023 and 2024, which were mainly related to obsolete stocks and slow-moving stocks. Our provision for impairment of inventories decreased by RMB4.5 million mainly because of (i) the enhancement in implementation of our inventory management policies, including but not limited to revisiting the standard operating procedures on utilisation, monitoring and disposal of slow-moving inventories, and (ii) the sales of inventories to our existing customers as parts and accessories and the sales of slow-moving raw materials during the year. Our provision for impairment of inventories increased by RMB0.8 million as at 31 December 2023 as compared to that of 2022, which was primarily attributable to the increase in long ageing inventories.

The table below sets out the ageing analysis of our inventories as at the date indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	90,947	85,036	60,724
1–2 years	7,043	9,294	5,776
2–3 years	2,548	3,011	4,350
Over 3 years	2,051	3,292	2,451
Total	102,589	100,633	73,301

As at 31 March 2025, 54.0% of our gross inventories amounting to RMB39.6 million as at 31 December 2024 has been subsequently utilised and/or sold.

The below table sets out our inventory turnover days for the periods indicated:

	FY2022	**FY2023**	**FY2024**
Inventory turnover days *(Note)*	127	123	110

Note: Inventory turnover days are calculated by dividing the average of the beginning and ending inventory balances for the year by cost of sales of the year and multiplied by the number of days in the relevant year.

Our inventory turnover days decreased from 123 days for FY2023 to 110 days for FY2024, mainly due to the decrease in inventories, as a result of (i) the enhancement in implementation of our inventory management policies, including but not limited to revisiting the standard operating procedures on utilisation, monitoring and disposal of slow-moving inventories, and (ii) the sales of inventories to our existing customers as parts and accessories and the sales of slow-moving raw materials during the year. Our inventory turnover days remained relatively stable at 127 days and 123 days for FY2022 and FY2023, respectively.

Trade and Note Receivables

The table below sets out the breakdown of trade and note receivables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Note receivables	2,005	2,908	937
Trade receivables	22,795	57,933	65,641
Less: Provision for impairment	(494)	(660)	(412)
Trade and note receivables, net	24,306	60,181	66,166

Our trade receivables were mainly related to products sold to our customers and consisted of outstanding amounts receivables by us from our customers. Our Group's trading terms with our customers are mainly on credit or payment in advance. Our trade and note receivables increased from RMB60.2 million as at 31 December 2023 to RMB66.2 million as at 31 December 2024 mainly because we offered more favourable credit terms of 120 days to certain customers for orders of certain newly launched printing equipment. Our trade and note receivables increased from RMB24.3 million as at 31 December 2022 to RMB60.2 million as at 31 December 2023. Such increase was mainly due to the increase of sales in the last quarter of FY2023.

The table below sets out a summary of the ageing analysis of our trade receivables based on the invoice date as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	21,805	56,861	64,198
181–360 days	854	420	1,306
Over 360 days	136	652	137
Total	22,795	57,933	65,641

We normally grant our credit customers and distributors with a credit term of within four months and one month from the invoice date, respectively. Despite the increase in the trade receivables aged over three months as of the year end of each of the Track Record Period, we seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly and followed up by our sales and financial department. We do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 March 2025, RMB49.2 million, or 75.0%, of our net trade receivables outstanding as at 31 December 2024 had been subsequently settled.

The following table sets out our trade receivables turnover days during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
Trade receivables turnover days*(Note)*	25	42	64

Note: Trade receivables turnover days are calculated by dividing the average of the beginning and ending trade receivables balances of the year by revenue for the year and multiplied by the number of days in the relevant year.

Our trade receivables turnover days increased from 42 days for FY2023 to 64 days for FY2024, which was due to the increase in opening balance of trade receivables in 2024 as compared to that of 2023, as a result of the increase of sales in the last quarter of FY2023 as compared to the last quarter of FY2022, due to an increase in sales to Customer Group A. Meanwhile, the closing balance of trade receivables remained relatively stable as at 31 December 2023 and 2024. Our trade receivables turnover days increased from 25 days for FY2022 to 42 days for FY2023. Such increase was primarily due to the increase in carrying amount of trade receivables as at 31 December 2023 as compared to that of 2022, as a result of the increase of sales in the last quarter of FY2023 as compared to the last quarter of FY2022, due to an increase in sales to Customer Group A.

Prepayments and Other Receivables

The table below sets out a summary of the our prepayments and other receivables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
VAT recoverable *(Note 1)*	8,778	11,468	7,771
Prepayment for expenses *(Note 2)*	1,837	2,917	6,935
Prepayment for purchase of raw materials	1,378	4,006	1,938
Refundable deposits receivable *(Note 3)*	887	1,064	621
Others	2,978	2,697	3,058
Less: provision for impairment	(85)	(84)	(92)
Total	15,773	22,068	20,231

Notes:

1. VAT recoverable mainly represented input tax paid on purchases of goods and services, which is deductible to the VAT paid by the Group.

2. Our prepayment for expenses mainly comprised prepayment for utilities and legal and professional fees in relation to the Global Offering.

3. Refundable deposits receivable mainly comprised deposits for leasing of factory building and certain projects.

Our prepayment and other receivables mainly comprised VAT recoverable, prepayment for purchase of raw materials, prepayment for expenses and others. We recorded prepayment and other receivables of RMB15.8 million, RMB22.1 million and RMB20.2 million as at 31 December 2022, 2023 and 2024, respectively. The balance of prepayments for purchase of raw materials at the end of each reporting period is affected by the extent of our procurement close to the year end date depending on the amount of raw materials in stock and the level of purchase received from our customers.

We recorded VAT recoverable of RMB8.8 million, RMB11.5 million and RMB7.8 million as at 31 December 2022, 2023 and 2024, respectively. Our VAT recoverable decreased from RMB11.5 million as at 31 December 2023 to RMB7.8 million as at 31 December 2024. This decline is attributed to the decrease in purchase resulting from the enhancement of our inventory management policies. Our VAT recoverable increased from RMB8.8 million as at 31 December 2022 to RMB11.5 million as at 31 December 2023, which was mainly because our Group has been entitled to favourable tax policy on VAT deduction on embedded software in FY2022.

As at 31 March 2025, RMB19.2 million, or 95.0%, of our prepayments and other receivables as at 31 December 2024 had been subsequently utilised or settled.

Amounts Due from Related Parties

Amounts due from related parties primarily represent amounts due from our Controlling Shareholders. Our Group had an outstanding balance due from related parties of RMB39.0 million, RMB32.5 million and nil as at 31 December 2022, 2023 and 2024, respectively. All amounts due from our Controlling Shareholders were unsecured, bearing fixed interest at rates ranging from 2% to 4.35%, non-trade in nature and repayable within 1 year. The interest rates of such loans was determined by parties through arm's length negotiation with reference to the interest rate on the bank loan of our Group. All of the amounts due from our Controlling Shareholders had been settled and offset in full by way of repayment and reduction of share capital as of 31 December 2024. For further details, please refer to note 33 of the Accountant's Report in Appendix I to this prospectus.

Financial Assets at Fair Value through Profit or Loss

We recorded financial assets at fair value through profit or loss of RMB56.5 million, RMB11.5 million and RMB22.4 million as at 31 December 2022, 2023 and 2024, respectively.

Our financial assets at fair value through profit or loss mainly represented the fair value of wealth management products we purchased from reputable banks as part of our treasury management and forward exchange agreements entered into by us. We managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they have been designated as financial assets at fair value through profit or loss. As part of our treasury management, we invested in certain low risk wealth management products from reputable banks to better utilise our short-term surplus cash.

We have implemented internal control policies to ensure reasonable liquidity while achieving investment returns to support the operational and strategic investment needs of our Group. We mainly invest in structured deposits and high-yield deposits from banks, and low-risk central government bonds with banks acting as the intermediary (excluding securities, futures, local government bonds, corporate bonds or other derivatives), which last for less than 12 months. Our financial department is responsible for, among other things, (i) formulating wealth management strategies and proposals of wealth management products for our Board's approval, (ii) regularly monitoring the wealth management products, and (iii) performing internal audits and reporting to the chief executive and audit committee of our Group. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations, particularly, our chief financial officer, Mr. Chen Zhichuan, who is a member of the Chinese Institute of Certified Public Accountants (CICPA) and an Intermediate Accountant and has over 6 years of experience in finance and accounting. In addition, prior to making investments in wealth management products, the budget for investment shall be reviewed and approved by our Board or our Shareholders.

Upon the Listing, our investments shall be made strictly in accordance with our internal control policy and Articles of Association, and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

We entered into RMB/USD foreign exchange forward contracts with banks in PRC in order to manage our exposure to foreign currency fluctuation risks. Our international marketing team is responsible for forecasting our future foreign currency transactions to our financial department. Our financial department is responsible for submitting proposals based on our actual business operation for the approval of the chairman of our Board, and the overall implementation and supervision of our foreign exchange forward contracts. Our internal audit department is responsible for reviewing the actual performance of the foreign exchange forward contracts. Besides, the annual budget for entering into foreign exchange forward contracts shall be approved by the chief executive of our Group. Foreign exchange forward contracts with transaction amount up to 50% of our net assets require approval from the chief executive of our Company, while contracts exceeding this threshold require approval from our Board. As at 31 December 2024, we have closed all our position in foreign exchange forward contracts.

Trade Payables

Our trade payables were mainly related to payables to suppliers and contractors. As at 31 December 2022, 2023 and 2024, our trade payables were RMB46.0 million, RMB68.1 million and RMB43.8 million, respectively.

Our trade payables decreased by 35.7% from RMB68.1 million as at 31 December 2023 to RMB43.8 million as at 31 December 2024. The decline of trade payables as at 31 December 2024 as compared to that of 2023 was attributed to the decrease in purchase resulting from the enhancement of our inventory management policies. Our trade payables increased by 47.9% from RMB46.0 million as at 31 December 2022 to RMB68.1 million as at 31 December 2023, which was mainly because of our increase in purchase of raw materials in FY2023.

The following table sets out the ageing analysis of our trade payables as at the invoice dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,038	68,098	43,811

As at 31 March 2025, RMB40.6 million or 92.7% of our trade payables outstanding as at 31 December 2024 had been subsequently settled.

The table below sets out our trade payable turnover days during the Track Record Period:

	FY2022	**FY2023**	**FY2024**
Trade payable turnover days*(Note)*	73	79	81

Note: Trade payable turnover days are calculated by dividing the average of the beginning and ending trade payables balances of the year by costs of sales and multiplied by the number of days in the relevant year.

Our trade payable turnover days remained relatively stable for FY2023 and FY2024. Our trade payable turnover days remained relatively stable at 73 days and 79 days for FY2022 and FY2023, respectively. Our trade payable turnover days were within the range of credit period generally granted by our suppliers.

Contract Liabilities

Our contract liabilities mainly arise from the non-refundable advance payments from customers of our Group. Our contract liabilities decreased by 25.2% from RMB10.3 million as at 31 December 2023 to RMB7.7 million as at 31 December 2024. Such decrease was mainly due to the decrease in unfulfilled orders with non-refundable advance payment from our customers in the end of 2024 as compared to the end of FY2023. Our contract liabilities decreased from RMB14.9 million as at 31 December 2022 to RMB10.3 million as at 31 December 2023. Such decrease was primarily attributable to the decrease in non-refundable advance payment from our customers in relation to purchase order in the end of FY2023 as compared to that of FY2022.

As at 31 March 2025, RMB7.4 million, or 96.5%, of our contract liabilities as at 31 December 2024 had been subsequently recognised as revenue.

Accruals and Other Payables

The table below sets out the breakdown of accruals and other payables as at the dates indicated:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Staff salaries and welfare payable	7,964	8,014	9,510
VAT and other taxes payable	2,348	6,116	6,840
Payables for Listing expenses	–	2,629	4,313
Payables for purchase of property, plant and equipment	15,034	1,344	439
Deferred income – current portion	–	–	198
Dividends payable	15,000	–	–
Others	2,762	2,273	2,502
	43,108	20,866	23,802

Our accruals and other payables decreased from RMB43.1 million as at 31 December 2022 and RMB20.9 million as at 31 December 2023 mainly due to the decrease in payables for purchase of property, plant and equipment of RMB13.7 million in relation to the development of our New Xiamen Base, which was partially offset by the increase in VAT and other taxes payable. We recorded higher VAT tax payable mainly due to our increased input tax pending certification as at 31 December 2023, which was deductible to VAT. Our accruals and other payables increased from RMB20.9 million as at 31 December 2023 to RMB23.8 million as at 31 December 2024, which was primarily attributable to the increase in payables for Listing expenses, staff salaries and welfare.

As at 31 March 2025, RMB23.4 million, or 98.1%, of our accruals and other payables as at 31 December 2024 had been subsequently settled.

Provision

We recorded provision for a potential legal claim of RMB11.0 million, RMB11.0 million and RMB11.0 million as at 31 December 2022, 2023 and 2024, respectively. For details of the legal claim, please refer to section headed "Business – Legal and Compliance – Legal Proceedings".

INDEBTEDNESS AND CONTINGENT LIABILITIES

The following table sets out our debts as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Non-current portion				
Borrowings	49,977	49,278	31,379	27,848
Lease liabilities	94	–	65	33
	50,071	49,278	31,444	27,881
Current portion				
Borrowings	60,224	37,483	57,942	68,922
Lease liabilities	325	96	126	127
	60,549	37,579	58,068	69,049
Total	110,620	86,857	89,512	96,930

Borrowings

As at 31 December 2022, 2023, 2024 and 31 March 2025, our Group had bank borrowings of RMB110.2 million, RMB86.8 million, RMB89.3 million and RMB96.8 million, representing 47.9%, 43.2%, 50.4% and 55.5% of our total liabilities as at the same dates, respectively.

The following table sets forth a breakdown of our bank borrowings as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Borrowings				
Unsecured	–	6,720	46,448	57,442
Secured	36,952	32,269	27,659	25,414
Guaranteed	53,112	30,063	–	–
Secured and Guaranteed	20,137	17,709	15,214	13,914
Total	110,201	86,761	89,321	96,770

The following table sets out the maturity profile of our bank borrowings as at the dates indicated:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Carrying amount repayable:				
Within 1 year	60,224	43,923	57,942	68,922
Between 1 and 2 years	7,139	21,419	31,379	27,848
Between 2 and 3 years	21,419	21,419	–	–
Between 3 and 5 years	21,419	–	–	–
Total	110,201	86,761	89,321	96,770

All our borrowings are denominated in RMB. During the Track Record Period, our bank borrowings bear interests at fixed interest rates and the average interest rates, which were calculated based on interest expenses on bank borrowings divided by weighted average principal of bank borrowings as at the end of relevant year and multiplied by 100%, were 3.57%, 3.20% and 3.03% per annum, respectively.

Certain of our Group's bank loans were secured by mortgages over our New Xiamen Base in Tongan District, Xiamen, the PRC, which had aggregate carrying values of RMB126.3 million, RMB123.5 million and RMB120.5 million as at 31 December 2022, 2023 and 2024, respectively. As at 31 March 2025, the aforementioned bank borrowings were continued to be secured by our New Xiamen Base.

Mr. Xu Kaiming and his spouse have guaranteed certain bank borrowings of up to RMB110.1 million, RMB80.0 million, RMB42.8 million and RMB13.9 million as at 31 December 2022, 2023 and 2024 and 31 March 2025, respectively. The aforesaid guarantee will be released by the creditor or the relevant loans will be repaid before or upon the Listing.

Certain bank borrowings of up to RMB10.0 million as at 31 December 2022 were guaranteed by a third party guarantee company, which charged guarantee fees and required Mr. Xu and his spouse to provide back-to-back guarantee to them. Such loan had been repaid in full in FY2023.

Some of our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans in the PRC. Such covenants primarily include requirements for us to obtain the relevant lenders' prior consent for certain transactions, such as disposal of material assets and merger or consolidation. Save as disclosed above, so far as our Directors are aware, we do not have any material covenants relating to the outstanding debts which limited our ability to undertake additional debt or equity financing. During the Track Record Period, our Directors confirm that (i) we have complied with all of the covenants of our bank loan; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements and the payments of trade and non-trade payables; and (iii) we did not have any plan to raise material external debt financing as at the date of this prospectus.

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group renewed bank borrowing of RMB12.0 million and obtained bank borrowing of RMB35.0 million. Save as disclosed in this prospectus, there was no bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft borrowing or similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges hire purchases or finance lease commitments, guarantees or other material contingent liabilities obtained or issued by our Group as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any difficulty in obtaining bank loans and other borrowing, defaulted in the payment of any bank loans and other borrowings or breached covenants.

As at the Latest Practicable Date, we had unutilised banking facilities of RMB125.0 million, all of which are committed and unrestricted. There was no material change in our Group's indebtedness since 31 March 2025 and up to the date of this prospectus.

Lease Liabilities

Our Group has lease contracts for various items of plant and properties used in our operations. Lease liabilities represent the present value of lease payments to be made over the lease term. Our lease liabilities amounted to RMB0.4 million, RMB0.1 million, RMB0.2 million and RMB0.2 million as at 31 December 2022, 2023, 2024 and 31 March 2025.

Contingent Liabilities

Save as disclosed in the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus, as at 31 March 2025, being the Latest Practicable Date for the purpose of the indebtedness statement, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND COMMITMENTS

Our Group's capital expenditure mainly consisted of acquisition of building, plant and equipment for our Group's future expansion purposes.

Capital Expenditures

The following table sets forth our material capital expenditures for the periods indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of construction in progress	29,391	–	73
Purchase of other items of fixed assets	2,674	2,719	4,437
Total	32,065	2,719	4,510

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. For details, please refer to section headed "Future Plans and Use of Proceeds" in this prospectus. We intend to fund our future capital expenditures by cash generated from our operations, bank borrowings and/or the net proceeds from the Global Offering. In the event that the actual net proceeds from the Global Offering received is less than currently anticipated, we intend to fund the deficient amount by cash generated from our operations and/or bank borrowings, and/or adjust our expansion plan accordingly.

Capital Commitments

Our Group did not have any material capital commitments as at 31 December 2022, 2023 and 2024.

RELATED PARTY TRANSACTIONS

The following table sets forth the material related party transactions for the years indicated:

	FY2022	**FY2023**	**FY2024**
	RMB'000	*RMB'000*	*RMB'000*
Loan to related parties:			
Xiamen Rongxin	36,817	32,492	–
Mr. Xu Kaiming	2,219	–	–
	39,036	32,492	–

In FY2022, to address the financial needs of Xiamen Rongxin to acquire the Shares from Xiamen Yijiayi and Xiamen Shangzhi Lianyao, our Group granted five short-term loans to Xiamen Rongxin of approximately RMB33.1 million in aggregate, and one short-term loan to Mr. Xu Kaiming of RMB6.5 million. The loans were unsecured and non-trade in nature, bearing interest at rates ranging from 2% to 4.35% per annum, with repayment terms within 1 year. For details of the said share transfer, please refer to the section headed "History, Development and Corporate Structure – Corporate Development – Our Company – Transfer of Shares by Xiamen Yijiayi and Xiamen Shangzhi Lianyao to Xiamen Rongxin" in this prospectus.

All loans and accrued interest had been offset and settled by March 2024, details of which are as follows:

	Borrower	Principal loan amount *(RMB million)*	Interest amount *(RMB million)*	Date of grant	Timing of repayment	Repayment method
1.	Xiamen Rongxin	0.5	0.001	17 August 2022	September 2022	Fully settled by bank transfer
2.	Mr. Xu Kaiming	6.5	0.1	18 August 2022	October 2022	RMB4.3 million by novation(1)
					May 2023	RMB2.2 million by bank transfer
3.	Xiamen Rongxin	4.3	0.2	10 October 2022(1)	March 2024	Fully settled by share repurchase(2)
4.	Xiamen Rongxin	2.0	0.1	23 August 2022	November 2022	RMB0.5 million by bank transfer
					October 2023	RMB1.6 million by bank transfer
					March 2024	RMB80,000 settled by share repurchase(2)
5.	Xiamen Rongxin	13.6	0.3	13 October 2022	October 2023	RMB3.5 million by bank transfer
					March 2024	RMB10.5 million settled by share repurchase(2)
6.	Xiamen Rongxin	5.3	0.1	24 October 2022	March 2024	Fully settled by share repurchase(2)
7.	Xiamen Rongxin	11.7	0.3	27 October 2022	March 2024	RMB11.9 million settled by share repurchase and RMB43,000 by bank transfer(2)

Notes:

1. In October 2022, Mr. Xu Kaiming novated approximately RMB4.3 million of the principal loan amount of his loan to Xiamen Rongxin.

2. In March 2024, pursuant to a loan settlement agreement entered into between our Company and Xiamen Rongxin, (i) the amount due from Xiamen Rongxin to our Group of RMB32.5 million was offset by share repurchase and capital reduction, and (ii) the balance of remaining RMB43,000 was settled by bank transfer.

Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. As at the Latest Practicable Date, all loan to related parties have been fully settled or offset. Details of our transactions with related parties during the Track Record Period are set out in note 33 to the Accountant's Report included in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

	FY2022	FY2023	FY2024
Liquidity ratios			
Current ratio[1] *(times)*	1.4	1.5	1.2
Quick ratio[2] *(times)*	0.9	0.9	0.8
Capital adequacy ratios			
Gearing ratio[3] *(%)*	63.2	47.5	55.9
Net debt to equity ratio[4] *(%)*	49.8	39.3	51.2
Interest coverage[5] *(times)*	31.2	21.5	25.2
Profitability ratios			
Return on total assets[6] *(%)*	9.2	7.2	12.3
Return on equity[7] *(%)*	21.4	15.1	25.8
Net profit margin[8] *(%)*	9.5	7.9	11.8

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the relevant year during the Track Record Period.

2. Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as at the end of the relevant year during the Track Record Period.

3. Gearing ratio is calculated based on the total borrowings and lease liabilities divided by the total equity as at the end of the relevant year and multiplied by 100%.

4. Net debt to equity ratio is calculated based on the net debt (all borrowings and lease liabilities net of cash and cash equivalents) divided by the total equity as at the end of the relevant year and multiplied by 100%.

5. Interest coverage is calculated based on the operating profit divided by the net finance cost of the relevant year during the Track Record Period.

6. Return on total assets is calculated based on the profit for the year for each year divided by the total assets as at the end of the relevant year and multiplied by 100%.

7. Return on equity is calculated based on the profit for the year for each year divided by the total equity as at the end of the relevant year and multiplied by 100%.

8. Net profit margin is calculated based on the profit for the year for the relevant year divided by the revenue for the relevant year and multiplied by 100%.

Current Ratio

Our current ratio decreased from 1.5 times as at 31 December 2023 to 1.2 times as at 31 December 2024. Such decrease was primarily due to the decrease in amounts due from related parties as it was predominantly offset by way of reduction of share capital. The current ratio remained relatively stable at 1.4 times, 1.5 times as at 31 December 2022 and 2023, respectively.

Quick Ratio

As at 31 December 2022, 2023 and 2024, our quick ratio was 0.9 times, 0.9 times, and 0.8 times respectively.

Our quick ratio decreased from 0.9 times as at 31 December 2023 to 0.8 times as at 31 December 2024. The decrease in quick ratio was generally in line with the decrease in current ratio. The quick ratio remained relatively stable at 0.9 times and 0.9 times as at 31 December 2022 and 2023, respectively.

Gearing Ratio

As at 31 December 2022, 2023 and 2024 our gearing ratio was 63.2%, 47.5% and 55.9%, respectively.

Our gearing ratio increased from 47.5% as at 31 December 2023 to 55.9% as at 31 December 2024. Such increase was mainly due to the decrease in equity as a result of (i) the dividend distribution of RMB31.5 million and (ii) the offset by the amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction. Our gearing ratio decreased from 63.2% as at 31 December 2022 to 47.5% as at 31 December 2023 mainly due to the decrease in borrowing from RMB110.2 million as at 31 December 2022 to RMB86.8 million as at 31 December 2023, while our total equity remained stable at RMB175.1 million and RMB182.7 million as at 31 December 2022 and 2023, respectively.

Net Debt to Equity Ratio

As at 31 December 2022, 2023 and 2024, our net debt to equity ratio was 49.8%, 39.3% and 51.2%, respectively.

The increase in net debt to equity ratio from 39.3% as at 31 December 2023 to 51.2% as at 31 December 2024 was mainly due to (i) the decrease in equity as explained above and (ii) the decrease in cash and cash equivalents as we used idle cash to purchase wealth management products as part of our treasury management. The decrease in net debt to equity ratio from 49.8% as at 31 December 2022 to 39.3% as at 31 December 2023 was mainly due to the decrease in bank borrowings.

Interest Coverage

For FY2022, FY2023 and FY2024, our interest coverage was 31.2 times, 21.5 times and 25.2 times, respectively.

Our interest coverage increased from 21.5 times for FY2023 to 25.2 times for FY2024, which was primarily due to the increase in operating profit for FY2024. Our interest coverage decreased from 31.2 times for FY2022 to 21.5 times for FY2023 which was principally attributable to the decrease in operating profit and the increase in financial cost for FY2023, respectively, as compared to that of FY2022.

Return on Total Assets

For FY2022, FY2023 and FY2024, our return on total assets was 9.2%, 7.2% and 12.3%, respectively.

Our return on total assets increased from 7.2% for FY2023 to 12.3% for FY2024 because of the increase in net profit for the year. Our return on total assets decreased from 9.2% for FY2022 to 7.2% for FY2023, which was mainly attributable to the decrease in our net profit for FY2023 as compared to FY2022. The decrease in our return of total assets was primarily attributable to the decrease in our net profit as partially offset by the decrease in total assets.

Return on Equity

For FY2022, FY2023 and FY2024, our return on equity was 21.4%, 15.1% and 25.8%, respectively.

Our return on equity increased from 15.1% for FY2023 to 25.8% for FY2024 because of combined effect of (i) the increase in net profit for the year and the decrease in equity as a result of the dividend distribution of RMB31.5 million and (ii) the offset by the amounts due from related parties of RMB32.5 million predominantly by way of share repurchase and capital reduction. The decrease in our return on equity for FY2023 was primarily due to the decrease in our net profit for FY2023 as compared to that of FY2022. The increase in our return on equity for FY2024 was mainly attributable to the decrease in our total equity.

Net Profit Margin

For FY2022, FY2023 and FY2024, our net profit margin was 9.5%, 7.9% and 11.8% respectively. Our net profit margin increased from 7.9% for FY2023 to 11.8% for FY2024. Such increase was primarily attributable to the increase in (i) our gross profit margin by 3.9 percentage points in FY2024 and (ii) government grants received for FY2024. Our net profit margin decreased from 9.5% for FY2022 to 7.9% for FY2023. Such decrease was mainly due to the decrease in government grants for FY2023 as compared to that of FY2022.

MARKET RISK AND RISK MANAGEMENT

We are exposed to various types of market risks in our ordinary course of business, primarily including currency risk, interest rate risk, credit risk and liquidity risk.

Foreign Currency Risk

We operate internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of our Group. Our Group also sells to customers in various overseas countries, and is exposed to foreign exchange risk, primarily USD.

Our Group manages its foreign exchange risk by closely monitoring the movement of foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Our Group enters into foreign currency forward contracts to mitigate the foreign exchange risk of procurement denominated in USD.

Interest Rate Risk

Our Group's interest-bearing assets included cash and cash equivalents, amounts due from related parties and financial assets at fair value through profit or loss. Management also does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly and the interest on amounts due from related parties are at fixed interest rate.

Our Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose our Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose our Group to fair value interest rate risk. As at 31 December 2022, 2023 and 2024, all of our Group's borrowings were at fixed interest rates. Our Group does not use any financial instrument to hedge our exposure to interest rate risk.

Credit Risk

Our Group's is exposed to credit risk in relation to (i) cash and cash equivalents and restricted cash, (ii) trade receivables and note receivables, and other financial assets at amortised cost including amounts due from related parties and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets. For details of our Group's maximum exposure to credit risk, please refer to note 3 of the Accountant's Report set out in Appendix I of the prospectus.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our Group's liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

DIVIDEND

For FY2022, FY2023 and FY2024, dividends of RMB5.0 million, RMB35.0 million and RMB31.5 million have been paid by our Company to our shareholders.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Since our Company and all our subsidiaries were established in the PRC, the future dividend payments of our Company will depend largely upon the availability of dividends received from our subsidiaries in the PRC, which were subject to the PRC laws. Under the PRC laws, dividends can only be paid out of distributable profit of a PRC company. PRC laws require that dividends be paid only out of the profit for the year calculated according to the PRC GAAP, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require our subsidiaries to set aside at least 10% of its net profit as statutory reserves, which are not available for distribution as cash dividends. Distributable profit is our profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Company has adopted a dividend policy to pay an annual dividend at a ratio of no less than 30% of profit attributable to owners of the Company.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

Peak Vision Appraisal Limited, an independent qualified professional valuer, valued the reference value of our property interests for our New Xiamen Base as at 30 April 2025 at RMB143.9 million. Details of the valuation are summarised in Appendix VI to this prospectus.

The following table sets out the reconciliation between the net book value of our New Xiamen Base as at 31 March 2025 and the property valuation report as set out in Appendix VI to this prospectus as at 30 April 2025:

	RMB'000
Net book value of our New Xiamen Base as at 31 December 2024	120,461
Less: depreciation during the period from 31 December 2024 to 31 March 2025	758
Net book value of our New Xiamen Base as at 31 March 2025	119,703
Add: Net valuation surplus	24,177
Reference value of our New Xiamen Base as at 30 April 2025 as set out in the property valuation report in Appendix VI to this prospectus *(Note 1)*	143,880
Less: Property without commercial value due to the seizure by court and the restrictions on the transferability	
Valuation as at 30 April 2025	– *(Note 2)*

Notes:

1. For the valuation method employed and the special assumption adopted, please refer to Note (v) to Appendix VI to this prospectus.

2. The relevant properties are ascribed as no commercial value by Peak Vision Appraisal Limited due to the restrictions on the transferability. For more details of the valuation of our New Xiamen Base, please refer to the property valuation report as set out in Appendix VI to this prospectus.

OFF BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as at the Latest Practicable Date, we did not have any material off-balance sheet arrangements.

LISTING EXPENSES

Based on the Offer Price of HK$11.00 (being the mid-point of the Offer Price range stated in this prospectus and assuming the Over-allotment Option is not exercised at all), the total Listing expenses (including legal and professional fees, underwriting fees and other relevant expenses) in relation to the Global Offering payable by us are estimated to be RMB49.0 million. For FY2022, FY2023 and FY2024, our Listing expenses charged to our consolidated statement of comprehensive income were nil, RMB8.6 million and RMB8.3 million, respectively. We expect to further recognise Listing expenses of RMB13.8 million to our consolidated statement of comprehensive income subsequent to the Track Record Period and to deduct from equity of RMB18.3 million upon Listing.

The total Listing expenses of RMB49.0 million borne by us include (i) underwriting-related expenses, including underwriting commission of RMB13.1 million; (ii) professional fees, including fees of legal advisers and the Reporting Accountant of RMB20.7 million; and (iii) other fees and expenses of approximately RMB15.2 million.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules as at the Latest Practicable Date.

DISTRIBUTABLE RESERVES

Our Company was established in the PRC on 20 December 2010. As at 31 December 2024, our Company had retained earnings of RMB79.1 million. The retained earnings are reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For details of our unaudited pro forma statement of adjusted consolidated net tangible assets, please refer to the section headed "Unaudited Pro Forma Financial Information" as set out in Appendix II to this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model remained unchanged subsequent to the Track Record Period. In January 2025 and February 2025, Rongta (SG) and Rongta (Malaysia) were incorporated as our Company's wholly owned subsidiaries, respectively, to support our overseas expansion in Southeast Asia.

Save as disclosed above, our Directors have confirmed, after due and careful consideration, that as at the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2024, and there is no event since 31 December 2024 that would materially and adversely affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

FUTURE PLANS

Please refer to "Business – Business Strategies" in this prospectus for a detailed description of our future plans and strategies.

USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering will be HK$148.3 million, assuming an Offer Price of HK$11.00 per H Share (being the mid-point of the indicative range of the Offer Price of HK$10.00 to HK$12.00 per H Share) without the exercise of the Over-allotment Option.

We currently intend to use the net proceeds from the Global Offering as follows:

- approximately 36.5% of the net proceeds or HK$54.2 million, will be used for R&D activities to expand our product portfolio and enhance our R&D capacity. In particular, we intend to allocate:

  (1) approximately 24.2% of the net proceeds or HK$36.0 million for establishment of a new R&D centre in Wuhan, China within the next two years to conduct more than 20 R&D projects in the next three years to carry out R&D on AIDC devices for integration with advanced technology including cloud-based technology and AI. For details of our R&D projects, please refer to the section headed "Business – R&D" in this Prospectus. In the next two years, we intend to allocate (i) 17.4% of the net proceeds or HK$25.9 million for the acquisition and renovation of premises for establishment of a new R&D centre after the Listing for the expected benefit to secure a dedicated facility to support our R&D projects in the future, enhance infrastructure for our advanced R&D activities, as well as strengthening our presence in a strategic location for talent recruitment; (ii) 2.6% of the net proceeds or HK$3.9 million for the acquisition of R&D software, computers and around 17 types of R&D equipment, including analytical instruments, testing tools and equipment, and power supply equipment for the expected benefit to equip the new R&D centre with essential tools for developing AIDC devices integrated with cloud-based technology and AI and improve efficiency and quality of our R&D processes; and (iii) 4.2% of the net proceeds or HK$6.2 million for other R&D costs, including R&D material costs, certification and testing fees and tooling fees for the expected benefit to facilitate the development and testing of our new products and ensure compliance with industry standard and certification. Our Directors believe that the establishment of a new R&D centre is closely aligned with our Group's principal business activities. Leveraging our Company's past experience in business operation, management and market development, our Directors consider that the new R&D centre will further enhance our capabilities in product development and technical services, profitability and sustainable development; and

(2) approximately 12.3% of the net proceeds or HK$18.2 million for recruiting talents to expand our R&D team within the next two years to carry out new R&D projects and expand our product portfolio. We intend to recruit around 46 R&D and technical staff members in the next two years, including around one R&D director, one R&D manager, four product managers and four project managers as management team members expected to have at least a bachelor's degree and average annual salary of HK$0.4 million to lead around 11 senior engineers and 23 engineers expected to have at least a bachelor's degree and average annual salary of HK$0.2 million.

- approximately 33.4% of the net proceeds or HK$49.5 million, will be used to strengthen our production efficiency and effectiveness. In particular, we intend to allocate:

(1) approximately 17.5% of the net proceeds or HK$25.9 million for renting land, building factory and renovation of our new production centre for our AIDC devices in Malaysia to enhance automation in our production. Among which, HK$9.6 million and HK$7.3 million will be allocated for renting land and building factory, respectively, while the remaining HK$9.0 million will be allocated for renovation and operating expenses of the new production centre. Based on the Company's assessment and assumptions on including but not limited to: (i) the estimated increase in the production efficiency as a result of the expected establishment of ten new production lines in the new production centre; (ii) the estimated selling prices of our products with reference to relevant selling prices during the Track Record Period; (iii) the estimated costs with reference to the existing cost structure of our New Xiamen Base; and (iv) the assumption that there will be no material change in the market, fiscal and economic conditions, our Directors expect that the investment payback period and breakeven period will be approximately 5.2 years and 4.5 years, respectively, inclusive of the period of 18 months for establishment of the new production centre for our AIDC devices in Malaysia. Investment payback period refers to the number of years needed for the accumulated cash inflows from operating the new production centre to equate the total costs paid for establishment of the production centre. Breakeven period is the period required for the new production centre to generate turnover equivalent to its operating costs for the first time;

(2) approximately 8.8% of the net proceeds or HK$13.0 million for partially financing our acquisition of equipment, machinery and ERP software for the new production centre in Malaysia to improve our production efficiency and effectiveness and reduce costs. The following table sets out the details of the major equipment and machinery that we intend to purchase:

Major type of equipment and machinery	**Expected quantity to be purchased**	**Expected total purchase price**
Surface mount technology (SMT) related machines	13	RMB12.6 million
Quality control related machines	9	RMB1.3 million
Production line related utilities	20	RMB0.8 million
Waste gas treatment system	1	RMB0.8 million
Production related machines	4	RMB2.7 million
Packaging related machines	2	RMB1.0 million
Total	**49**	**RMB19.1 million**

(3) approximately 7.1% of the net proceeds or HK$10.6 million, will be used to recruit staff for the captioned purposes. In particular, we intend to recruit around 12 production team leaders with management experience with an annual salary of approximately RMB80,000 per person to oversee daily operation and supervise around 250 production line workers with an expected annual salary of approximately RMB60,000 per person.

- approximately 20.1% of the net proceeds or HK$29.8 million, will be used to expand our sales network and international presence. In particular, we intend to allocate:

(1) approximately 9.8% of the net proceeds or HK$14.5 million, for setting up new subsidiaries or representative offices in the United States, Germany, Singapore and the United Arab Emirates. Such subsidiaries or branch offices will primarily serve as our international sales and marketing centres. In the next three years, we plan to recruit a small team of around three to four staff members for sales and marketing, business support, and technical support in each office. Based on the preliminary feasibility analysis, we believe that the proposed expansion is in line with our strategic objective to strengthen international presence and broaden our global customer base. Taking into account: (i) growth in the global AIDC devices

market; (ii) the market conditions of the relevant locations, including growth in the AIDC devices markets in each of the United States, Germany, Singapore and the United Arab Emirates markets and feedback from customers in internation exhibition and trade fairs; (iii) potential logistics and supply chain integration and synergy to quickly respond to regional demand changes, reduce regional delay and disruption, improve customer service and enhance global brand competitiveness; (iv) strategic regional access to the nearby markets; and (v) estimated budget for operating expenses, our Directors are of the view that the proposed expansion is commercially viable and will support our long term growth and business strategy;

(2) approximately 8.4% of the net proceeds or HK$12.5 million to participate in international exhibitions and trade fairs in the next three years. Specifically, we intend to participate in over 20 premiered international exhibitions and trade fairs, among which (i) 7.4% of the net proceeds or HK$10.9 million will be used for exhibition related costs; and (ii) 1.1% of the net proceeds or HK$1.6 million will be used for transportation and freight costs and miscellaneous expenses. We intend to participate in international exhibitions and trade fairs including but not limited to the Retail's Big Show held by the National Retail Federation (NRF) and the Consumer Electronics Show (CES) held in the United States, Euroshop held in Germany, the Beyond Expo held in Macau, the COMPUTEX TAIPEI held in Taiwan, China, the Hong Kong Electronics Fair (Autumn Edition) held in Hong Kong, the GITEX Global held in Dubai, and the ASEAN Retail Exhibition held in Thailand; and

(3) approximately 1.9% of the net proceeds or HK$2.8 million to fund our advertising activities over the next three years. We intend to engage in paid advertising campaigns on online platforms such as Google and Tiktok and increase our brand promotion through, among others, search advertisements, display advertisements and live showcases of products to increase our brand exposure.

- approximately 10.0% of the net proceeds or HK$14.8 million, for working capital and general corporate purposes.

The table below sets forth the expected implementation timetable of our planned use of proceeds:

	Use of proceeds				
	2025	**2026**	**2027**	**Total**	**% of net proceeds**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(%)*
R&D activities to expand our product portfolio and enhance our R&D capacity	38.6	15.6	–	54.2	36.5
– Establishing a new R&D centre in Wuhan	29.8	6.2	–	36.0	24.2
– Recruiting talents to expand our R&D team	8.8	9.4	–	18.2	12.3
Strengthen our production efficiency and effectiveness	7.9	25.1	16.5	49.5	33.4
– Renting land, building factory and renovation of our new production centre for our AIDC devices in Malaysia	6.5	7.1	12.3	25.9	17.5
– Acquiring equipment and machinery	1.5	7.4	4.1	13.0	8.8
– Recruiting staff	–	10.6	–	10.6	7.1
Expand our sales network and international presence	5.8	10.3	13.7	29.8	20.1
– Setting up new international offices	2.6	5.1	6.8	14.5	9.8
– Participating in international exhibitions and trade fairs	2.2	4.2	6.1	12.5	8.4
– Advertising activities	0.9	1.0	0.9	2.8	1.9
Working capital and general corporate purposes	14.8	–	–	14.8	10.0
Total	67.1	51.0	30.2	148.3	100.0

In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, the net proceeds allocated to the above purposes will be adjusted on a pro rata basis. Any additional proceeds received from the exercise of the Over-allotment Option will be allocated to the above purposes on a pro rata basis. If the Offer Price is set at HK$12.00 per H Share, which is the high end of our indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$17.1 million. If the Offer Price is set at HK$10.00 per H Share, which is the low end of our indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$17.1 million. Any additional proceeds received from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro rata basis. In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK$176.6 million (after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$11.00 per H Share, being the mid-point of our indicative Offer Price range).

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will deposit the net proceeds into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the disclosure requirements under the Listing Rules where applicable.

UNDERWRITERS FOR THE GLOBAL OFFERING

Hong Kong Underwriters

Yue Xiu Securities Company Limited
(in alphabetical order)
ABCI Securities Company Limited
BOCI Asia Limited
CCB International Capital Limited
CMB International Capital Limited
CMBC Securities Company Limited
Huafu International Securities
Livermore Holdings Limited
Patrons Securities Limited
Zhongtai International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 1,840,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

(a) the Stock Exchange granting the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned in this prospectus and such listing and permission not subsequently being revoked; 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 Overall Coordinator (for itself and on behalf of the Underwriters and the Capital Market Intermediaries)),

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 Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters and the Capital Market Intermediaries), 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 signed and becoming unconditional and not having been terminated.

Grounds of Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Sponsor and/or the Overall Coordinator:

(i) any statement contained in any of this prospectus and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect or misleading or deceptive in any respect; or

(ii) any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(iii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iv) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Underwriters); or

(v) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, the Warranting Directors (as defined in the Hong Kong Underwriting Agreement) (the "**Warranting Directors**") and the Warranting Shareholders (as defined in the Hong Kong Underwriting Agreement) (the "**Warranting Shareholders**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(vi) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group (the "**Group Company**"); or

(vii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations and warranties to be given by our Company, the Warranting Directors and the Warranting Shareholders respectively in terms set out in the Hong Kong Underwriting Agreement; or

(viii) the approval by the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld in writing; or

(ix) our Company withdraws any of the Relevant Documents or the Global Offering; or

(x) any expert whose consent is required 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 (other than the Sole Sponsor) has withdrawn or sought to withdraw its consent to being named in this prospectus; or

(xi) a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or the appointment of a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xii) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors, Supervisors and senior management member of our Group as set out in the "Directors, Supervisors and Senior Management" section of this prospectus; or

(xiii) a portion of the orders in the book-building process, which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), at its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiv) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, in the nature of force majeure and beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, 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, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks or escalation of diseases, pandemics or epidemics (including, without limitation, COVID19, Severe Acute Respiratory Syndrome, swine or avian flu, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Ebola virus, Middle East Respiratory Syndrome, coronavirus or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market 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); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

(iv) any new national, central, federal, provincial, state, regional, municipal, local, domestic or foreign laws (including, without limitation, any common law or case law), statutes, ordinances, legal codes, regulations or rules (including, without limitation, any and all regulations, rules, orders, judgments, decrees, rulings, opinions, guidelines, measures, notices or circulars (in each case, whether formally published or not and to the extent mandatory or, if not complied with, the basis for legal, administrative, regulatory or judicial consequences) any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational (including without limitation the CSRC, the Stock Exchange and the SFC) (the "**Authority**") ("**Laws**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions or export control, in whatever form, on any Group Company or any of the Warranting Shareholders, 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 Specific Jurisdictions; or

(vii) a change or development involving a prospective change or amendment in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the H Shares; or

(viii) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of our Company and the Warranting Shareholders; or

(x) any of the Directors, Supervisors and senior management member of our Company as set out in the "Directors, Supervisors and Senior Management" section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or general manager of our Company vacating his office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Offer Shares to be issued pursuant to the exercise of the Over-allotment Option pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus, any letters, filings, correspondences, communications, documents, responses, undertakings and submissions in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Global Offering pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**CSRC Filing Rules**", together with the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), the "**CSRC Rules**") and other applicable rules and requirements of the CSRC (the "**CSRC Filings**") and the other Relevant Documents or any aspect of the Global Offering with any applicable Laws (including but not limited to the Listing Rules, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the CSRC Rules); or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any of the other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the CSRC, the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) has or will or may to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement) shall otherwise result in an interruption to or delay thereof; or

(d) has or will 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 which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings Pursuant to the Listing Rules

Undertakings by our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued or sold or transferred out of treasury by us or form the subject of any agreement to such an issue or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules and pursuant to Chapter 4.13 of the Guide for New Listing Applicants, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering (including the exercise of the Over-allotment Option), it/he shall not, without the prior written consent of the Stock Exchange or unless permitted under the Listing Rules, at any time in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares that it/he is shown to be the beneficial owner in this prospectus (the "**Relevant Shares**").

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent any member of the Controlling Shareholders from using the Shares beneficially owned by it/him as security (including a charge or pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Relevant Shares beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us and the Stock Exchange in writing of such pledge or charge together with the number of the Shares so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us and the Stock Exchange in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above (if any) by any of the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible after so being informed.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), 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**"), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) offer, allot, issue, sell, accept subscription for, offer to allot, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or create 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 an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of the Company, or any shares or other securities of any other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of any other Group Company, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of any other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of the Company or any shares or other securities of any other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any H Shares or other securities of our Company or any shares or other securities in any other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any 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 other securities of our Company or any shares or other securities of any other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or contract 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 Shares, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has further undertaken that, we will not enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be the single largest group of shareholders of our Company during the period of six months immediately following the expiry of the First Six-Month Period expires (the "**Second Six-Month Period**"). In the event that, during the Second Six-Month Period, our Company or any Group Company enters into any of the transactions specified in (a), (b) or (c) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company will take all reasonable steps to ensure that we will not create a disorderly or false market in any H Shares or other securities of our Company.

Our Company and our Controlling Shareholders have agreed and undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that it will not, and our Company and each of our Controlling Shareholders has further undertaken to procure that our Company will not, effect any purchase of H Shares, or agree to do so, which may reduce the holdings of H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange, on or before the date falling one year after the Listing Date without having first obtained the prior written consent of the Sole Sponsor and Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters).

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally agreed and undertaken to each of our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Overall Coordinator and the (for itself and on behalf of the Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for him and the companies controlled by him (together, the "**Controlled Entities**") shall not:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, legal or beneficial interest in any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by him directly or indirectly through his Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions referred to in sub-paragraphs (a), (b) or (c) is to be settled by delivery of such H Shares or any other securities of our Company or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he will not, and will procure that the Controlled Entities will not, enter into any of the transactions described in (i)(a), (b) or (c) above or offer to, or agree or announce any intention to enter into any such transaction, if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he will, together with the other Controlling Shareholders, cease to be the single largest group of shareholders of the Company;

(iii) in the event that he enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of our Company;

(iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of the Company;

(v) within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Sole Sponsor, the Overall Coordinator and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor, the Overall Coordinator and the Sole Global Coordinator in writing of such indications.

The International Offering

In connection with the International Offering, it is expected that our Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, our Company will offer our International Offer Shares for subscription by certain professional, institutional and other investors at the Offer Price payable in full on subscription, on and subject to the terms and conditions set out in the International Underwriting Agreement. It is expected that the International Underwriters will agree to severally underwrite for our International Offer Shares.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) which will expire on a date which is 30 days from the date of the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to and not more than 2,760,000 additional H Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering.

Commission

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 4.0% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-allotment Option (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to the Underwriters and the Capital Market Intermediaries an additional discretionary fee of up to 1.0% of the Offer Price of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of Fixed Fees and Discretionary Fees payable to all Underwriters and the Capital Market Intermediaries is therefore 80:20. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (and not the Hong Kong Underwriters).

No additional fee will be payable by our Company to the Underwriters and the Capital Market Intermediaries. The Sole Sponsor will, in addition, receive a fee acting as the sponsor to the Listing and will be reimbursed for their expenses.

The underwriting commission, listing fees, the Stock Exchange trading fee, the SFC transaction levy, the AFRC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK$11.00 (being the mid-point of Offer Price range between HK$10.00 per Offer Share and HK$12.00 per Offer Share), are estimated to amount to approximately HK$54.1 million (equivalent to approximately RMB49.0 million) in total (assuming that the Over-allotment Option is not being exercised).

ACTIVITIES OF SYNDICATE MEMBERS

The Underwriters of the Global Offering (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 accounts and for the account of others. In relation to our H Shares, other activities could include acting as agent for buyers and sellers of our H Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our H Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our 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 holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our H Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our H Shares in most cases.

These activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated. It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Hong Kong Underwriters' interests in our Company

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement, the International Underwriting Agreement and Yue Xiu Capital Limited will be appointed as the compliance adviser of our Company with effect from the Listing Date until the dispatch of our audited financial results for the first full financial year after the Listing Date or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other Group company or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other Group company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors as required under Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

The Global Offering comprises:

- the Hong Kong Public Offering of 1,840,000 H Shares (subject to reallocation as mentioned below) in Hong Kong as described below under "Hong Kong Public Offering"; and

- the International Offering of 16,560,000 H Shares (subject to reallocation and the Over-allotment Option as mentioned below).

The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will severally underwrite the International Offer Shares pursuant to the terms of the International Underwriting Agreement. Further details of the underwriting are set out in "Underwriting" in this prospectus.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the 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 is expected to be fixed by the Price Determination Agreement to be entered into between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on Friday, 6 June 2025.

The Offer Price will not be more than HK$12.00 per Offer Share and is expected to be not less than HK$10.00 per Offer Share, unless otherwise announced, as further explained below. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, no 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 or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

If, for any reason, the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to enter into the Price Determination Agreement by the Price Determination Date, the Global Offering will not become unconditional and will not proceed.

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus, at any time 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 no later than Thursday, 5 June 2025, being the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **https://www.rongtatech.cn/** notice of reduction in the number of Offer Shares and/or the indicative Offer Price range. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price together with an update of all financial and other information in connection with such change, and such number of Offer Shares and/or the Offer Price will be final and conclusive. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to a supplemental prospectus or a new prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the 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.

In the absence of any notice being published of a reduction in the number of the Offer Shares being offered under the Global Offering stated in this prospectus, on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, once agreed upon, will under no circumstances be higher than the maximum Offer Price as stated in this prospectus.

In the event of a reduction in the number of the Offer Shares, the Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of the Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters) on the basis as described in "Reallocation and Clawback" in this section.

Announcement of Final Offer Price

An announcement of the final Offer Price, together with indication of the level of interests in the International Offering, the results of application under the Hong Kong Public Offering and the basis and results of allocation of the Hong Kong Offer Shares is expected to be published on Monday, 9 June 2025 on the website of our Company at **https://www.rongtatech.cn/** and the website of the Stock Exchange at **www.hkexnews.hk**.

UNDERWRITING ARRANGEMENTS

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 our Company, the Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in "Underwriting" in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$12.00 per Offer Share and is expected to be not less than HK$10.00 per Offer Share, unless otherwise announced no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as set out above. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be lower than the indicative Offer Price as stated in this prospectus.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK$12.00 per Offer Share and 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy. That means a total of HK$6,060.51 is payable for every board lot of 500 H Shares. If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK$12.00 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy attributable to the excess application monies) will be made to successful applicants (subject to application channels), without interest. Please refer to "How to Apply for Hong Kong Offer Shares" in this prospectus for further details.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon:

1. Listing

The Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in our H Shares.

2. Underwriting Agreements

(i) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional, and not being terminated in accordance with the terms thereof; and

(ii) the execution and delivery of the International Underwriting Agreement prior to or on the Price Determination Date.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date.

4. HKSCC arrangement

Our Company having submitted to the HKSCC all requisite documents to enable the Offer Shares to be admitted to trade on the Stock Exchange.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Global Offering will lapse and the application monies will be returned to the applicants, without interest, on the terms set out in "How to apply for Hong Kong Offer Shares" in this prospectus.

In the meantime, the application monies will be held in one or more separate bank accounts with the receiving bank or other bank(s) in Hong Kong, licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

HONG KONG PUBLIC OFFERING

Our Company is initially offering 1,840,000 Hong Kong Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Hong Kong Public Offering, representing 10% of the total number of Offer Shares initially offered under the Global Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the Offer Price being agreed on or before Price Determination Date. Applicants for the Hong Kong Offer Shares may be required on application (subject to application channels) to pay the maximum Offer Price of HK$12.00 per Share plus 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "Conditions of the Global Offering" above.

Applications

The Hong Kong Public Offering is open to all members of the public in Hong Kong. Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

Allocation

For allocation purposes only, the total number of the Hong Kong Offer Shares will be divided equally into two pools: pool A and pool B (after taking into account any reallocation referred to below, with any odd board lots being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy thereon) or less. The Hong Kong Offer Shares available in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee, the SFC transaction levy and the AFRC transaction levy) and up to the total value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is under-subscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 50% of the Hong Kong Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. When there is over-subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels are reached. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 5,520,000 Offer Shares (in the case of (a)), 7,360,000 Offer Shares (in the case of (b)) and 9,200,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinator and the Sole Global Coordinator deems appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide and paragraph 4.2 of Practice Note 18 of the Listing Rules.

In addition to the reallocation above, the Overall Coordinator reserves its rights to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering. However, according to Chapter 4.14 of the Guide for New Listing Applicants, if (a) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times or (b) when the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed by less than 15 times of the total number of Offer Shares initially available under the Hong Kong Public Offering, then in any of these circumstances, the Overall Coordinator may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules on the following conditions (the "**Allocation Cap**"):

(i) the total number of Offer Shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall be not more than the number of Offer Shares initially allocated to the Hong Kong Public Offering (i.e., 1,840,000 Offer Shares, representing 10.0% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase to 3,680,000 Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering; and

(ii) the final Offer Price must be fixed at the bottom end of the indicative Offer Price range stated in this prospectus (i.e., HK$10.00 per Offer Share).

If the Hong Kong Offer Shares are not fully subscribed and the International Offer Shares are fully subscribed or oversubscribed, the Overall Coordinator may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinator deems appropriate.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe 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.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Company, which is expected to be published on Monday, 9 June 2025.

INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

Our Company is expected to offer initially 16,560,000 International Offer Shares (subject to reallocation and the Over-allotment Option) at the Offer Price under the International Offering. The number of International Offer Shares expected to be initially available for application under the International Offering represents 90% of the total number of Offer Shares being initially offered under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Investors subscribing for the International Offer Shares are also required to pay the maximum Offer Price of HK$12.00 per H Share plus 1.0% brokerage, 0.00565% Stock Exchange trading fee, 0.0027% SFC transaction levy and 0.00015% AFRC transaction levy of the Offer Price.

Allocation

It is expected that the International Underwriters, or selling agents nominated by them, on behalf of our Company, will conditionally place the International Offer Shares at the Offer Price with selected professional, institutional and other investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Other investors applying through banks or other institutions who sought the International Offer Shares in the International Offering may also be allocated the International Offer Shares.

Allocation of the International Offer Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire 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 International Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom International Offer Shares are offered will be required to undertake not to apply for H Shares under the Hong Kong Public Offering.

Our Company, our Directors, the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who receive H Shares under the International Offering, and to identify and reject indications of interest in the International Offering from investors who receive H Shares under the Hong Kong Public Offering.

The International Offering is expected to be subject to the conditions as stated in "Conditions of the Global Offering" of this section.

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "Hong Kong Public Offering – Reallocation and Clawback" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unpurchased Offer Shares originally included in the Hong Kong Public Offering at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters).

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant to the International Underwriters, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) the Over-allotment Option at any time from the Listing Date until 30 days after the date of the last day of lodging application under the Hong Kong Public Offering.

Pursuant to the Over-allotment Option, our Company may be required by the Overall Coordinator (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 2,760,000 additional H Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Offering. The Overall Coordinator (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 2,760,000 H Shares will represent approximately 2.83% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, an announcement will be made by our Company.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. In Hong Kong, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, for itself and on behalf of the Underwriters, may over-allocate Shares or effect transactions with a view to stabilising or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. The number of H Shares that may be over-allocated will be up to, but not more than, an aggregate of 2,760,000 additional H Shares, being the number of our H Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating International Offer Shares and covering such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through a combination of these means or otherwise. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilisation action. Such stabilisation action, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and required to be brought to an end within 30 days after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Stabilising action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Subject to and under the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong), the Stabilising Manager (for itself and on behalf of the Underwriters) may take all or any of the following actions ("**primary stabilising action**") with respect to any H Shares during the stabilisation period, which should end on Saturday, 5 July 2025:

(1) purchase, or agree to purchase, any of our H Shares;

(2) offer or attempt to do anything as described in paragraph (1), for the sole purpose of preventing or minimising any reduction in the market price of our H Shares. The Stabilising Manager (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

   (a) for the purpose of preventing or minimising any reduction in the market price of our H Shares:

      (i) allocate a greater number of H Shares than the number that is initially offered under the Global Offering; or

      (ii) sell or agree to sell H Shares so as to establish a short position in them;

   (b) pursuant to an option or other right to purchase or subscribe for H Shares, purchase or subscribe for or agree to purchase or subscribe for H Shares in order to close out any position established under paragraph (a);

   (c) sell or agree to sell any H Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or

   (d) offer or attempt to do anything as described in paragraphs (a)(ii), (b) or (c).

Investors should be aware:

- that the Stabilising Manager (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in our H Shares;
- that there is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by the Stabilising Manager;

- that stabilising action cannot be taken to support the price of our H Shares for longer than the stabilising period which begins on the Listing Date and ends on the earlier of the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering or the commencement of trading of our H Shares on the Stock Exchange, that the stabilising period is expected to expire on Saturday, 5 July 2025, and that after this date, when no further stabilising action may be taken, demand for our H Shares, and therefore its price could fall; and

- that the price of our H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for our H Shares.

In order to effect stabilisation actions, the Stabilising Manager will arrange cover of up to an aggregate of 2,760,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilising actions will be undertaken by the Stabilising Manager and the Over-allotment Option will not be exercised.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Overall Coordinator, or any person acting for them may cover such over-allocation by, among other methods, using Shares purchased by the Overall Coordinator, its affiliates or any person acting for them in the secondary market, exercising the Over-allotment Option in full or in part, by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong), as amended, made under the SFO.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 10 June 2025, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 10 June 2025. Our H Shares will be traded in board lots of 500 H Shares each and the stock code of our H Shares will be 9881.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE SFC CODE OF CONDUCT

Important Notice to CMIs (including private banks)

This notice to capital market intermediaries ("**CMIs**") (including private banks) is a summary of certain obligations the Code of Conduct for Persons Licenced by or Registered with the Securities and Futures Commission (the "**Code**") imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMI may also be acting as the Sole Overall Coordinator for this offering and is subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the Company and provide sufficient information to the Sole Overall Coordinator to enable it to assess whether orders placed by these investors may negatively impact the price discovery process. Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Company, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Offer Shares. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Underwriters accordingly.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Listing Rules and other regulatory requirements or guidance issued by the Stock Exchange from time to time (the "**Stock Exchange Requirements**") (e.g. a connected person of a listed issuer) would be considered as "**Restricted Investors**". Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Offer Shares.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, in each case, subject to the applicable Stock Exchange Requirements (in the case of a Stock Exchange listed issuer) and selling restrictions set out elsewhere in this prospectus.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Offer Shares (except for omnibus orders where underlying investor information should be provided to the Sole Overall Coordinator when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Offer Shares.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Underwriters in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Offer Shares, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private banks who disclose that they are placing their order other than on a "principal" basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that if any of their group companies is a CMI of this offering, placing an order on a "principal" basis may require the Underwriters to apply the "proprietary orders" of the Code to such order and will require the Underwriters to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide the underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the Sole Overall Coordinator; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the Sole Overall Coordinator. By submitting an order and providing such information to the Sole Overall Coordinator, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the Sole Overall Coordinator and/or any other third parties as may be required by the Code, including to the Company, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the book-building process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Underwriters may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Underwriter with such evidence within the timeline requested.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Offer Shares, including certain Underwriters, are CMIs subject to Paragraph 21 of the Code. This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI may also be acting as the Sole Overall Coordinator for this offering and is subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an Association with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Offer Shares and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Stock Exchange Requirements (e.g. a connected person of a listed issuer) would be considered as "Restricted Investors". Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Offer Shares. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Underwriter, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Underwriter or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Underwriter, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Underwriter when placing such order and such orders will be subject to applicable requirements in accordance with the Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Underwriters and/or any other third parties as may be required by the Code, including to the Company, the Sole Overall Coordinator, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the book-building process for this offering. Failure to provide such information may result in that order being rejected.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at https://www.rongtatech.cn/.

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; and
- have a Hong Kong address *(for the* ***HK eIPO White Form*** *service only)*;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing holder or beneficial owner of Shares in our Company and/or any subsidiaries of our Group;

- are a Director, Supervisor or chief executive officer of our Company and/or any of subsidiaries of our Group;.

- a connected person (as defined in the Listing Rules) and/or core connected person (as defined in the Listing Rules) of our Company or will become a connected person (as defined in the Listing Rules) or a core connected person (as defined in the Listing Rules) of our Company immediately upon completion of the Global Offering;

- an associate (as defined in the Listing Rules) and/or close associate (as defined in the Listing Rules) of any of the above; and

- have been allocated or have applied for or indicated an interest in any Offer Shares under the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, 30 May 2025 and end at 12:00 noon on Thursday, 5 June 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	**Platform**	**Target Investors**	**Application Time**
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 30 May 2025 to 11:30 a.m. on Thursday, 5 June 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, 5 June 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application 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 broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorised 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 authorised 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 authorised 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.

Only one application may be made for the benefit of any person. If you are suspected of making more than one application through the **HK eIPO White Form** service or any other channel, all of your applications are liable to be rejected.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)*(Note 2)* as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. HKID card; or
  ii. National identification document; or
  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)*(Note 2)* as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. Legal Entity Identifier ("**LEI**") registration document; or
  ii. Certificate of incorporation; or
  iii. Business registration certificate; or
  iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in *Note 2* below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4 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 Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of our Board;
   - control more than half of the voting power of our Company; or
   - hold more than half of the issued share capital of our 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 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	:	500 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$12.00 per Offer Share.

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

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 authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

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

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment *HK$*
500	6,060.51	6,000	72,726.12	40,000	484,840.80	400,000	4,848,408.00
1,000	12,121.02	7,000	84,847.15	45,000	545,445.90	500,000	6,060,510.00
1,500	18,181.54	8,000	96,968.15	50,000	606,051.00	600,000	7,272,612.00
2,000	24,242.05	9,000	109,089.18	60,000	727,261.20	700,000	8,484,714.00
2,500	30,302.56	10,000	121,210.20	70,000	848,471.40	800,000	9,696,816.00
3,000	36,363.05	15,000	181,815.30	80,000	969,681.60	920,000[(1)]	11,151,338.40
3,500	42,423.56	20,000	242,420.40	90,000	1,090,891.80		
4,000	48,484.08	25,000	303,025.50	100,000	1,212,102.00		
4,500	54,544.59	30,000	363,630.60	200,000	2,424,204.00		
5,000	60,605.10	35,000	424,235.70	300,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

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 authorise us and/or the 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 the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of H 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 Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "– G. Personal Data – 3. Purposes and 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(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. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the 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 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 our Directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of subsidiaries of our Group 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 our Directors, chief executives, substantial shareholder(s) or existing Shareholder(s) of our Company or any of our Group subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Public Offer Shares through:

Platform		Date/ Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, 9 June 2025 to 12:00 midnight on Sunday, 15 June 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, 9 June 2025 (Hong Kong time).
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Tuesday, 10 June 2025 to Friday, 13 June 2025 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, 6 June 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, 6 June 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 Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** by no later than 11:00 p.m. on Monday, 9 June 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 Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;

- your application instruction is incomplete;

- your payment (or confirmation of funds, as the case may be) is not made correctly;

- the Underwriting Agreements do not become unconditional or are terminated;

- we or the 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 H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. 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).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Tuesday, 10 June 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 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**
Despatch/ collection of H Share certificate (Note)		
For application 500,000 of Hong Kong Offer Shares or more	Collection in person at from our H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	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
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 June 2025 (Hong Kong time)	No action by you is required
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.	

	HK eIPO White Form service	HKSCC EIPO channel
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Monday, 9 June 2025	

Refund mechanism for surplus application monies paid by you

Date	Tuesday, 10 June 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	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

Note: Except in the event of any Severe Weather Signals in force in Hong Kong in the morning on Monday, 9 June 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. Please refer to "– E. Severe 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, 5 June 2025 if, there is occurrence of Severe Weather Signals, i.e.:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- extreme condition(s) caused by a super typhoon as announced by the government of Hong Kong

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 June 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 Stock Exchange's website at **www.hkexnews.hk** and our website at **https://www.rongtatech.cn/** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, 9 June 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, 10 June 2025.

If a **Severe** Weather Signal is hoisted on Monday, 9 June 2025, for application of less than 500,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, 9 June 2025 or on Tuesday, 10 June 2025).

If a **Severe** Weather Signal is hoisted on Tuesday, 10 June 2025, for application of 500,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at H Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, 10 June 2025 or on Wednesday, 11 June 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 Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisers 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).

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 cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the 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 our subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial 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 Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RONGTA TECHNOLOGY (XIAMEN) GROUP CO., LTD. (容大合眾(廈門)科技集團股份公司) AND YUE XIU CAPITAL LIMITED

Introduction

We report on the historical financial information of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (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 as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 (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 30 May 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.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022, 2023 and 2024 and the consolidated financial position of the Group as at 31 December 2022, 2023 and 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 37 to the Historical Financial Information which contains information about the dividends paid by Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
30 May 2025

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB") (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 COMPREHENSIVE INCOME

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	5	393,273	348,749	350,062
Cost of sales	6	(303,412)	(263,285)	(250,697)
Gross profit		89,861	85,464	99,365
Selling and marketing expenses	6	(24,789)	(22,531)	(25,013)
General and administrative expenses	6	(25,567)	(31,130)	(30,505)
Research and development expenses	16	(12,964)	(8,783)	(15,353)
Reversal of/(provision for) impairment losses on financial assets		6	(165)	173
Other income	8	12,858	10,404	16,883
Other gains/(losses) – net	9	4,374	(2,260)	1,193
Operating profit		43,779	30,999	46,743
Finance income	10	430	818	971
Finance costs	10	(1,831)	(2,263)	(2,829)
Finance costs – net		(1,401)	(1,445)	(1,858)
Profit before income tax		42,378	29,554	44,885
Income tax expense	11	(4,931)	(1,951)	(3,538)
Profit and total comprehensive income for the year, all attributable to owners of the Company		37,447	27,603	41,347
Earnings per share attributable to the owners of the Company				
Basic and diluted earnings per share (in RMB per share)	12	0.47	0.35	0.54

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	13	85,465	84,283	84,444
Right-of-use assets	14	5,108	4,690	4,682
Investment properties	15	41,957	40,955	39,953
Intangible assets	16	12,823	19,761	23,021
Deferred tax assets	31	2,240	2,818	1,520
Other non-current assets	17	1,574	–	2,634
		149,167	152,507	156,254
Current assets				
Inventories	18	90,001	87,187	64,446
Trade and note receivables	19	24,306	60,181	66,166
Prepayments and other receivables	20	15,773	22,068	20,231
Amounts due from related parties	33(c)	39,036	32,492	–
Financial assets at fair value through profit or loss	22	56,542	11,504	22,422
Restricted cash	23	6,787	2,304	–
Cash and cash equivalents	23	23,427	15,141	7,609
		255,872	230,877	180,874
Net current assets		76,014	79,477	35,692
Total assets		405,039	383,384	337,128
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	32,733	80,000	76,333
Reserves	26	88,346	45,149	20,044
Retained earnings		54,024	57,557	63,686
Total equity		175,103	182,706	160,063

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 December		
		2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	29	49,977	49,278	31,379
Lease liabilities	14	94	–	65
Deferred tax liabilities	31	7	–	439
		50,078	49,278	31,883
Current liabilities				
Trade payables	27	46,038	68,098	43,811
Accruals and other payables	28	43,108	20,866	23,802
Borrowings	29	60,224	37,483	57,942
Contract liabilities	5	14,945	10,307	7,715
Lease liabilities	14	325	96	126
Financial liabilities at fair value through profit or loss	22	–	2,114	–
Current income tax liabilities		4,218	1,436	786
Provision	30	11,000	11,000	11,000
		179,858	151,400	145,182
Total liabilities		229,936	200,678	177,065
Total equity and liabilities		405,039	383,384	337,128

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	13	85,412	84,248	84,369
Right-of-use assets	14	4,832	4,593	4,682
Investment properties	15	41,957	40,955	39,953
Investment in subsidiaries	39	8,270	8,270	8,270
Intangible assets	16	12,823	19,761	23,021
Deferred tax assets	31	1,672	757	–
Other non-current assets	17	1,572	–	2,634
		156,538	158,584	162,929
Current assets				
Inventories	18	81,155	79,349	61,035
Trade and note receivables	19	41,533	84,482	70,803
Prepayments and other receivables	20	6,165	13,946	12,381
Amounts due from related parties	33(c)	39,036	32,492	–
Financial assets at fair value through profit or loss	22	53,751	11,504	8,451
Cash and cash equivalents	23	19,759	8,164	4,939
		241,399	229,937	157,609
Net current assets		75,478	92,281	43,727
Total assets		397,937	388,521	320,538
EQUITY				
Equity attributable to owners of the Company				
Share capital	24	32,733	80,000	76,333
Reserves	26	87,632	44,435	19,330
Retained earnings		61,674	77,152	79,110
Total equity		182,039	201,587	174,773

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	29	49,977	49,278	31,379
Lease liabilities	14	–	–	65
Deferred tax liabilities	31	–	–	439
		49,977	49,278	31,883
Current liabilities				
Trade payables	27	46,027	68,865	44,290
Accruals and other payables	28	40,756	18,292	20,627
Borrowings	29	60,224	37,483	35,942
Contract liabilities	5	3,552	580	1,111
Lease liabilities	14	144	–	126
Current tax liabilities		4,218	1,436	786
Provision	30	11,000	11,000	11,000
		165,921	137,656	113,882
Total liabilities		215,898	186,934	145,765
Total equity and liabilities		397,937	388,521	320,538

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Equity attributable to owners of the Company			
		Share capital	Reserves	Retained earnings	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022		32,733	76,297	40,468	149,498
Comprehensive income:					
Profit for the year		–	–	37,447	37,447
Total comprehensive income		–	–	37,447	37,447
Transactions with owners:					
Appropriation to statutory reserve	26	–	3,891	(3,891)	–
Share-based compensation	25	–	8,158	–	8,158
Dividends distribution	37	–	–	(20,000)	(20,000)
Total transactions with owners		–	12,049	(23,891)	(11,842)
Balance at 31 December 2022 and 1 January 2023		32,733	88,346	54,024	175,103
Comprehensive income:					
Profit for the year		–	–	27,603	27,603
Total comprehensive income		–	–	27,603	27,603

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		Equity attributable to owners of the Company			
		Share capital	Reserves	Retained earnings	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transactions with owners:					
Appropriation to statutory reserve	26	–	4,070	(4,070)	–
Dividends distribution	37	–	–	(20,000)	(20,000)
Conversion of capital reserves into share capital	24	47,267	(47,267)	–	–
Total transactions with owners		47,267	(43,197)	(24,070)	(20,000)
Balance at 31 December 2023 and 1 January 2024		80,000	45,149	57,557	182,706
Comprehensive income:					
Profit for the year		–	–	41,347	41,347
Total comprehensive income		–	–	41,347	41,347
Transactions with owners:					
Appropriation to statutory reserve	26	–	3,718	(3,718)	–
Dividends distribution	37	–	–	(31,500)	(31,500)
Repurchase of ordinary shares	24	(3,667)	(28,823)	–	(32,490)
Total transactions with owners		(3,667)	(25,105)	(35,218)	(63,990)
Balance at 31 December 2024		76,333	20,044	63,686	160,063

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	32(a)	63,838	29,674	56,151
Interest received		40	164	930
Income tax paid		(3,442)	(5,317)	(2,451)
Net cash generated from operating activities		60,436	24,521	54,630
Cash flows from investing activities				
Purchase of property, plant and equipment		(37,952)	(14,894)	(8,114)
Purchase of intangible assets		(7,746)	(10,834)	(8,503)
Purchase of financial assets at fair value through profit or loss	22	(564,752)	(311,120)	(270,945)
Proceeds from disposals of financial assets at fair value through profit or loss	22	556,453	354,719	257,075
Payments for deposits for foreign currency forward contracts	23	(12,526)	(2,054)	(392)
Proceeds from deposits for foreign currency forward contracts	23	5,739	6,537	2,696
(Loans to)/collection from related parties	33(b)	(38,640)	7,219	43
Proceeds from disposals of property, plant and equipment	32(b)	126	9	7
Net cash (used in)/generated from investing activities		(99,298)	29,582	(28,133)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Proceeds from borrowings	32(d)	69,099	42,354	86,580
Repayment of borrowings		(16,615)	(65,432)	(84,020)
Payment of interests on bank borrowings	32(d)	(1,977)	(2,622)	(2,813)
Principal elements of lease payments	32(d)	(611)	(326)	(253)
Dividends paid to the Company's shareholders	37	(5,000)	(35,000)	(31,500)
Listing expenses		–	(1,719)	(2,291)
Net cash generated from/(used in) financing activities		44,896	(62,745)	(34,297)
Net increase/(decrease) in cash and cash equivalents		6,034	(8,642)	(7,800)
Cash and cash equivalents at beginning of year		15,995	23,427	15,141
Effects of exchange rate changes on cash and cash equivalents		1,398	356	268
Cash and cash equivalents at end of year	23	23,427	15,141	7,609

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company") was incorporated as a limited liability company in Xiamen city, Fujian province of the People's Republic of China (the "PRC") on 20 December 2010. The address of its registered office and headquarters of the Company is No 88 South Tonghui Road, Xiamen, Fujian Province, the PRC.

On 28 October 2019, the Company completed the conversion from a limited liability company into a joint stock company with limited liability in the PRC and changed its name from Xiamen Rongda Hezhong Electronic Technology Co., Ltd. (廈門容大合眾電子科技有限公司) to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司). The directors of the Company regard Xiamen Rongxin Investment Co., Ltd. ("Xiamen Rongxin"), which is owned as to 99% by Mr. Xu Kaiming and 1% by Mr. Xu Kaihe, as the ultimate holding company, and Mr. Xu Kaiming as the ultimate controlling shareholder, of the Company.

The Company and its subsidiaries (together, the "Group") are principally engaged in manufacturing and selling of Automatic Identification and Data Capture (AIDC) devices including speciality printers, scales, point of sale ("POS") terminals and personal digital assistants ("PDAs") equipment and provision of related solutions (the "Listing Business") in the PRC.

The financial statements are presented in Renminbi ("RMB") unless otherwise stated.

2 BASIS OF PREPARATION

2.1 (i) Compliance with International Financial Reporting Standards

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(ii) Accounting policies

The accounting policies applied in the preparation of the Historical financial information have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 40 to this Historical Financial Information.

2.2 Historical cost convention

The Historical Financial Information have been prepared on a historical cost basis, except for the certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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.

2.3 Accounting policies

(a) New standards, amendments to standards and interpretations

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group and consistently applied throughout the Track Record Period.

(b) New and amended standards and interpretations not yet effective and not been early adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the financial years during the Track Record Period and have not been early adopted by the Group. These new standards and interpretations are:

Standards and interpretations		**Effective for annual periods beginning on or after**
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except as described below.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk including currency risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group primarily conducts its operations in the PRC with majority of activities settled in RMB. The Group also sells to customers in various overseas countries, and is exposed to foreign exchange risk, primarily the US dollar.

The Group manages its foreign exchange risk by closely monitoring the movement of foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group enters into foreign currency forward contracts to mitigate the foreign exchange risk arising form sales receivables denominated in USD (Note 3.3).

The Group's exposure to foreign currency risk at the end of the reporting period during the Track Record Period, expressed in RMB, was as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Assets denominated in USD:			
Trade receivables	11,988	15,666	21,530
Cash and cash equivalents	2,259	5,195	688
	14,247	20,861	22,218
Contracted amount of foreign currency forward contracts	49,449	64,447	–

The aggregate net foreign exchange gains recognised in profit or loss during the Track Record Period were:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange gains included in other gains	3,331	947	2,133

The sensitivity analysis is set out below. As shown in the table above, the Group is primarily exposed to changes in RMB/USD exchange rates. The sensitivity of profit or loss to changes in exchange rates arises mainly from USD denominated trade receivables, cash and cash equivalents and foreign currency forward contracts. Below is the impact to the Group's pre-tax profit during the Track Record Period had USD strengthened/weakened by 10% against RMB with all other variables held constant:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Impact to post-tax profit, increase/(decrease):			
USD/RMB exchange rate – increase 10%	6,372	8,534	2,222
USD/RMB exchange rate – decrease 10%	(6,372)	(8,534)	(2,222)

(ii) Cash flow and fair value interest rate risk

The Group's interest bearing assets included cash and cash equivalents, restricted cash (Note 23) and financial assets at fair value through profit or loss (FVPL) (Note 22) and amounts due from related parties (Note 33(c)). Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly and the interest on amounts due from related parties are at fixed interest rate.

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2022, 2023 and 2024, all of the Group's borrowings were at fixed interest rates. The Group does not use any financial instrument to hedge its exposure to interest rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to (i) cash and cash equivalents and restricted cash, (ii) trade receivables and notes receivables, and (iii) other financial assets at amortised cost including amounts due from related parties and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. These assessment of credit loss of these three types of financial assets are subject to the expected credit loss model.

(i) Credit risk of cash and cash equivalents and restricted cash

To manage credit risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because the counterparties have strong capacity to meet their contractual cash flow obligations in the near term. The expected credit loss is close to zero.

(ii) Credit risk of trade and notes receivables

To manage credit risk arising from trade and notes receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and notes receivables have been grouped based on shared credit risk characteristics and ageing to measure the expected credit losses. Trade and note receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and notes receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group is engaged in manufacturing and selling of speciality printers, scales, POS terminals and PDAs equipment and provision of related solutions. The credit terms grant to sales to customers in the PRC are generally within 30 to 120 days from the invoice date.

Notes receivables are received for sales to customers in the PRC and most of the notes receivables of the Group are bank acceptance notes that with good credit rating. Therefore, the credit risk of notes receivables is regarded as minimal.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

The Group calculates the expected loss rates of trade receivables based on the probability of default and the loss given default with reference to payment profiles of sales over a period of 24 months before the balance sheet date and the corresponding historical credit losses experienced within the reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

When considering forward-looking information, the Group takes different economic scenarios into consideration. The Group sells to customers in the PRC and overseas countries worldwise. The Group has identified the Gross Domestic Product ("GDP"), Consumer Price Index ("CPI") and Producer Price Index ("PPI") of the PRC that majority of the Group's customers are located to be the most relevant factors to determine the forward-looking information, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and would recognised impairment losses.

The expected credit loss allowance of trade and note receivables as at 31 December 2022, 2023 and 2024 based on due dates are determined as follows:

	Current	Within 6 months	Between 6 and 12 months	Over 1 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Gross carrying amount of trade and note receivables	18,328	5,482	854	136	24,800
Expected loss rate	0.02%	2.94%	32.08%	40.44%	1.99%
Total loss allowance	(4)	(161)	(274)	(55)	(494)
As at 31 December 2023					
Gross carrying amount of trade and note receivables	46,000	13,769	420	652	60,841
Expected loss rate	0.01%	1.40%	42.14%	43.87%	1.08%
Total loss allowance	(4)	(193)	(177)	(286)	(660)
As at 31 December 2024					
Gross carrying amount of trade and note receivables	57,590	7,545	1,306	137	66,578
Expected loss rate	0.02%	0.68%	20.83%	56.20%	0.62%
Total loss allowance	(12)	(51)	(272)	(77)	(412)

Movements on the Group's allowance of impairment for trade receivables are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January	551	494	660
(Decrease)/increase in loss allowance	(6)	165	(181)
Write-off in loss allowance	(51)	1	(67)
Balance as at 31 December	494	660	412

(iii) Other financial assets at amortised cost

To manage credit risk arising from other financial assets at amortised cost, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

The Group's other financial assets at amortised cost included other receivables (Note 20) and amounts due from related parties (Note 33(c)). The amounts due from related parties were amounts due from Mr. Xu Kaiming, the ultimate controlling shareholder of the Company, and a company owned by him. The credit loss is expected to be zero. The amounts due from related parties had been fully offset against payables to the ultimate controlling shareholder in March 2024 (Note 33(c)).

For other receivables, to assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with that as at the date of initial recognition. The probability of default upon initial recognition of an asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period is assessed with reference to the below factors:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counter parties' ability to meet its obligation;
- actual or expected significant changes in the operating results of the counter parties;
- significant changes in the expected performance and behaviour of the counter parties, including changes in the payment status of the counter parties.

As at 31 December 2022, 2023 and 2024, management assessed the credit risk of other receivables and provided for a loss allowance for expected credit loss of RMB85,000, RMB84,000 and RMB92,000, respectively, under the 12 months expected losses method.

Movements on the Group's allowance for impairment loss of other receivables are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January	34	85	84
Increase/(decrease) in loss allowance	51	(1)	8
Balance as at 31 December	85	84	92

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Trade payables *(Note 27)*	46,038	–	–	–	46,038
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	32,796	–	–	–	32,796
Borrowings *(Note 29)*	60,224	7,139	21,419	21,419	110,201
Interest on borrowings	2,584	1,383	946	302	5,215
Lease liabilities *(Note 14)*	327	96	–	–	423
	141,969	8,618	22,365	21,721	194,673
As at 31 December 2023					
Trade payables *(Note 27)*	68,098	–	–	–	68,098
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	6,736	–	–	–	6,736
Borrowings *(Note 29)*	37,483	27,859	21,419	–	86,761
Interest on borrowings	1,970	759	201	–	2,930
Lease liabilities *(Note 14)*	96	–	–	–	96
	114,383	28,618	21,620	–	164,621
As at 31 December 2024					
Trade payables *(Note 27)*	43,811	–	–	–	43,811
Accruals and other payables (excluding staff salaries and welfare payables and value added tax and other taxes payables) *(Note 28)*	7,254	–	–	–	7,254
Borrowings *(Note 29)*	57,942	31,379	–	–	89,321
Interest on borrowings	1,704	230	–	–	1,934
Lease liabilities *(Note 14)*	131	66	–	–	197
	110,842	31,675	–	–	142,517

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalent and restricted cash.

The net debt to equity ratios during the Track Record Period were as follow:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings *(Note 29)*	110,201	86,761	89,321
Lease liabilities *(Note 14)*	419	96	191
Less: Cash and cash equivalent and restricted cash *(Note 23)*	(30,214)	(17,445)	(7,609)
Net debt	80,406	69,412	81,903
Total equity	175,103	182,706	160,063
Net debt to equity ratio	46%	38%	51%

The increase and decrease in gearing ratio from 31 December 2022 to 31 December 2024 were resulted from the increase and decrease in borrowings and equity.

3.3 Fair value estimation

(a) Fair value measurements by level of the following fair value measurement hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Historical Financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's assets that were measured at fair value as at 31 December 2022, 2023 and 2024:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Level 3			
Assets:			
Financial assets at FVPL			
– Wealth management products	55,031	11,504	22,422
– Foreign currency forward contracts	1,511	–	–
	56,542	11,504	22,422
Liabilities:			
Financial liabilities at FVPL			
– Foreign currency forward contracts	–	(2,114)	–

The Group's financial assets at FVPL as at 31 December 2022, 2023 and 2024 were wealth management products acquired from banks.

The carrying values of the Group's financial assets and financial liabilities at amortised cost (Note 19, 20, 27 and 28), approximated their fair value as at 31 December 2022, 2023 and 2024 due to their short term maturities.

(b) Valuation techniques used to determine fair values

The fair values of wealth management products were estimated by using a discounted cash flow approach using the expected return based on management judgement and estimates.

The fair value of foreign currency forward contracts in Level 3 financial liabilities at FVPL was estimated by using quoted price provided by banks.

There were no changes in valuation techniques during the Track Record Period.

The following table summarises the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

	Fair values As at 31 December			Unobservable inputs	Range of inputs As at 31 December			Relationships of unobservable inputs to fair values
	2022	2023	2024		2022	2023	2024	
	RMB'000	*RMB'000*	*RMB'000*		%	%	%	
Financial assets at FVPL								
– Wealth management products	55,031	11,504	22,422	Expected rate of return	1.75–2.14	2.61–2.93	2.23–2.67	The higher the expected rate of return, the higher the fair value

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to price risk of FVPL at the end of each reporting period. If prices of the respective instruments held by the Group had been 10% higher/lower as at 31 December 2022, 2023 and 2024 with all other variable held constant, the Group's pre-tax profit would have been approximately RMB4,726,000, RMB5,654,000 and RMB4,885,000 higher/lower as a result of gains/losses on financial instruments classified as FVPL.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. 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 addressed below.

(a) Estimated useful lives and residual values of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and investment properties. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment properties of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values. Periodic reviews could result in a change in useful lives and residual values and therefore, changes in depreciation expenses in the future periods.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Provision for impairment of inventories

The Group's management reviews the condition of inventories at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the future sales projection, latest market prices and current market conditions. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(d) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk default and the expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of comprehensive income. Details of the assessment of loss allowance for trade receivables during the Track Record Period are disclosed in Note 3.1(b) and the carrying amounts of the Group's trade receivables are disclosed in Note 19.

(e) Income taxes

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences, impairment loss and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will affect the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed. Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

(f) Estimation of provision for potential litigation claim

The Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when the Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of inhouse or external legal counsels.

(g) Capitalisation and expensing of internal development expenditures

The Group capitalises expenditures incurred on projects relating to development of products as intangible assets when the recognition criteria are met. Significant judgement is involved in assessing whether the criteria set out in the accounting standards required for capitalisation of such expenditures have been met, including the technical feasibility, the likelihood of future economic benefits to the Group, and whether the expenditures attributing to the assets during development can be reliably measured. Notwithstanding that the Group has used all available information to make this estimation and judgement, inherent uncertainty exists and the capitalised expenditures may have to be expensed if there are significant changes from previous estimates.

5 REVENUE AND SEGMENTS INFORMATION

(a) Description of segments and principal activities

During the Track Record Period, the Group is principally engaged in manufacturing and selling of speciality printers, scales, POS terminals and PDA equipment and provision of related solutions in the PRC.

The chief operating decision-maker of the Company has been identified as the chairman and executive directors of the Company. The decision-maker reviews the operating results of the business as one operating segment to make strategic decisions and decisions about resources to be allocated. Revenue and profit before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

All of the Group's business and operations are conducted in the PRC with sales made to customers in the PRC and overseas countries. The Group's non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

(b) Breakdown of revenue

The breakdown of revenue by product and services and timing of revenue recognition are set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Printing equipment	304,408	261,082	243,373
Scales	35,761	47,250	53,087
POS terminals and PDA	23,583	16,497	33,564
Accessories and other purchased products	25,591	15,333	17,849
Others	3,930	8,587	2,189
	393,273	348,749	350,062
Timing of revenue recognition:			
Point in time	393,273	348,749	350,062

The breakdown of revenue by regions based on the location of the customers is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
The PRC	214,756	190,054	185,272
Overseas countries	178,517	158,695	164,790
	393,273	348,749	350,062

(c) Information about major customers

For the Track Record Period, revenue derived from customers who individually accounted for more than 10% of the Group's total revenue is set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
Customer 1	22.88%	17.95%	11.78%

(d) Contract liabilities

The Group

The Group recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	14,945	10,307	7,715

The contract liabilities of the Group recognised are related to the non-refundable advance payments from customers of the Group. A contract liability is the Group's obligation to a customer for which the Group has received consideration from the customer. A contract liability is recognised when the customer pays consideration but before the Group delivers goods to the customer.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the period, recognised in each reporting period during the Track Record Period related to carried-forward contract liabilities:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	22,063	14,945	10,307

The Company

The Company recognised the following revenue-related contract liabilities:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	3,552	580	1,111

(e) Unsatisfied performance obligations

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

(f) Revenue recognition accounting policies

(i) Sales of products

Revenue from sales of printers, scales, POS terminals and PDA equipment, accessories and purchased products is recognised when control of the products has been transferred to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products according to contract or terms of sales. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of products is based on the price specified in the sales contracts and is shown net of value-added tax and after eliminating sales within the Group. No element of financing is deemed present as the sales are made with a credit term.

The Group provides distributors with sales rebate, and the relevant revenue is recognised based on contract consideration net of the rebate amount estimated.

A receivable is recognised when the control of products is transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The periods and terms of product quality warranty are provided in according with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

(ii) Others

Others mainly include development and certification services and others. These services are usually completed within a short period of time, the revenue generated from the services mentioned above is recognised upon completion of the services.

(iii) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

6 EXPENSES BY NATURE

The detailed analysis of expenses by nature of cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses is as follow:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables used	249,595	207,481	202,118
Changes in inventories of finished goods and work in progress	1,702	10,288	11,029
Employee benefit expenses *(Note 7)*	80,139	69,559	76,886
Consulting and professional fee	5,422	6,112	3,651
Depreciation of property, plant and equipment *(Note 13)*	3,592	3,892	4,258
Depreciation of right-of-use assets *(Note 14)*	717	418	375
Amortisation of intangible assets *(Note 16)*	2,336	3,896	5,243
Advertising and other marketing expenses	4,208	5,542	6,660
Outsourcing cost	4,099	1,658	1,207
Other taxes and levies	2,568	3,502	3,636
Short-term lease rental expenses	1,083	72	53
Provision for/(reversal of) impairment of inventories	5,534	925	(3,296)
Auditor's remuneration	12	–	–
Listing expenses	–	8,605	8,293
Other expenses	13,471	14,507	9,911
Total expenses incurred	374,478	336,457	330,024
Less: development expenditures capitalised in intangible assets *(Note 16)*	(7,746)	(10,728)	(8,456)
Total expenses charged to profit or loss	366,732	325,729	321,568

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	61,935	59,336	63,357
Pension costs – defined contribution plans *(b)*	3,552	3,648	4,417
Housing funds, medical insurances and other social insurances *(c)*	2,775	3,851	3,855
Other employment benefits	3,719	2,724	5,257
Share-based compensation *(Note 25)*	8,158	–	–
Total staff compensation expense	80,139	69,559	76,886

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Pension obligations

The Group participates in defined contribution pension plans organised by the governments in the PRC. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical 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 in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 2023 and 2024 included 4, 3 and 3 directors and supervisors, respectively, whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining 1, 2 and 2 highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	288	1,098	465
Pension costs – defined contribution plans	38	74	16
Housing fund, medical insurance and other social benefits	39	68	83
Share-based compensation	66	–	–
	431	1,240	564

The number of highest paid non-director individuals whose remuneration for the Track Record Period fell within the following bands are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
Salary band			
Within HKD1,000,000	1	2	2

8 OTHER INCOME

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(a)*	11,224	6,681	13,485
Rental income	2,474	5,345	5,223
Rental cost	(840)	(1,622)	(1,825)
	12,858	10,404	16,883

(a) Government grants recognised during the years ended 31 December 2022, 2023 and 2024 were mainly incentives and subsidies received from government authorities by the Group's subsidiaries for the subsidiaries' contributions to the local employment market, improvement in production efficiency and others.

9 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Exchange gain – net	3,331	947	2,133
Gain from changes in fair values of wealth management products	476	347	469
Gain/(loss) from changes in fair values of foreign currency forward contracts	511	(3,900)	(1,307)
Net loss on disposals of property, plant and equipment	(98)	–	(84)
Others	154	346	(18)
	4,374	(2,260)	1,193

10 FINANCE INCOME AND COSTS – NET

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
– Interest income on bank deposits	34	143	930
– Interest income on amounts due from related parties *(Note 33(b))*	396	675	41
	430	818	971
Finance costs			
– Interest expenses on bank borrowings	(2,033)	(2,259)	(2,813)
– Interest expenses on lease liabilities	(25)	(4)	(16)
	(2,058)	(2,263)	(2,829)
Amounts capitalised in qualifying assets of construction in progress	227	–	–
	(1,831)	(2,263)	(2,829)
Finance costs – net	(1,401)	(1,445)	(1,858)

11 INCOME TAX EXPENSE

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax expense			
– PRC income tax	4,584	2,536	1,801
Deferred income tax (credit)/expense *(Note 31)*	347	(585)	1,737
	4,931	1,951	3,538

The Group's principal applicable income tax and tax rates are as follows:

PRC corporate income tax ("CIT")

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The CIT rate of the Company in the PRC is 15% and the CIT rate of its subsidiaries in the PRC is 20% during the Track Record Period.

In 2020, the Company was granted the status of High-technology Enterprise by the local tax bureau in Xiamen, and has been entitled to high-technology enterprises' favourable income tax rate of 15% since then. The validity of the qualification was 3 years. The Company maintained the qualification through renewal in 2023 which will be in effect for years 2024 to 2026. Therefore, the Company's applicable tax rate during the Track Record Period was 15%.

The subsidiaries of the Company in the PRC are all qualified as "Small and Low-profit Enterprise ("SLE")" and are entitled to preferential income tax treatment during the Track Record Period. Pursuant to the 'Notice of Preferential Tax Reduction and Exemption Policies for Small Scale VAT Taxpayer' (Cai Shui [2019] 13, Cai Shui [2022] 13 and Cai Shui [2023] 6) issued by the State Administration of Taxation of the PRC, the income tax of a SLE company's annual taxable income would be calculated as: (i) for the first portion of taxable income up to RMB1 million, 25% of it is subject to income tax and at a preferential rate of 20%, (ii) for the portion of taxable income more than RMB1 million but not more than RMB3 million, 50% of it is subject to income tax and at a rate of 20%. This preferential tax treatment has been applicable throughout the Track Record Period.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profit of the Group as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	42,378	29,554	44,885
Tax calculated at the applicable statutory tax rate of 25%	10,594	7,388	11,221
Adjustment for tax effect of:			
– Preferential income tax rate impact	(4,109)	(2,480)	(4,458)
– Preferential additional deduction for research and development expenditure	(2,906)	(3,021)	(3,066)
– Expense not deductible for income tax purposes	1,289	27	39
– Unutilised tax losses and temporary difference for which no deferred tax asset has been recognised	63	37	76
– Adjustments for current income tax of prior periods	–	–	(274)
Income tax expense	4,931	1,951	3,538

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2022	**2023**	**2024**
Profit attributable to owners of the Company *(RMB'000)*	37,447	27,603	41,347
Weighted average number of ordinary shares in issue *(thousand)*	80,000	80,000	77,250
Basic and diluted earnings per share *(RMB)*	0.47	0.35	0.54

Upon approval at the meeting of the Board of Directors held on 15 June 2023, the Company increased its registered capital by RMB47,267,200 by way of conversion of the capital reserve of the Company for the same amount. After the conversion, the Company's issued share capital was adjusted to RMB80,000,000, and the total number of shares reached 80,000,000. The conversion of capital reserve to issued share capital is taken to be effective from 1 January 2022 for the purpose of calculating earnings per share.

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022						
Opening net book amount	–	3,905	348	202	92,146	96,601
Additions	–	1,387	1,174	113	29,390	32,064
Transferred from construction in progress	80,928	699	525	–	(82,152)	–
Disposals	–	(185)	(38)	(1)	–	(224)
Transferred to investment properties *(Note 15)*	–	–	–	–	(39,384)	(39,384)
Depreciation charge *(Note 6)*	(1,259)	(1,927)	(339)	(67)	–	(3,592)
Closing net book amount	79,669	3,879	1,670	247	–	85,465
At 31 December 2022						
Cost	80,928	19,815	3,186	1,181	–	105,110
Accumulated depreciation	(1,259)	(15,936)	(1,516)	(934)	–	(19,645)
Net book amount	79,669	3,879	1,670	247	–	85,465

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Opening net book amount	79,669	3,879	1,670	247	–	85,465
Additions	215	1,975	174	355	–	2,719
Disposals	–	(6)	(3)	–	–	(9)
Depreciation charge *(Note 6)*	(1,927)	(1,368)	(450)	(147)	–	(3,892)
Closing net book amount	77,957	4,480	1,391	455	–	84,283
At 31 December 2023						
Cost	81,144	21,286	3,320	1,536	–	107,286
Accumulated depreciation	(3,187)	(16,806)	(1,929)	(1,081)	–	(23,003)
Net book amount	77,957	4,480	1,391	455	–	84,283
Year ended 31 December 2024						
Opening net book amount	77,957	4,480	1,391	455	–	84,283
Additions	–	3,946	491	–	73	4,510
Disposals	–	(89)	(2)	–	–	(91)
Depreciation charge *(Note 6)*	(1,932)	(1,620)	(542)	(150)	(14)	(4,258)
Closing net book amount	76,025	6,717	1,338	305	59	84,444
At 31 December 2024						
Cost	81,144	25,274	3,717	1,536	73	111,744
Accumulated depreciation	(5,119)	(18,557)	(2,379)	(1,231)	(14)	(27,300)
Net book amount	76,025	6,717	1,338	305	59	84,444

(a) The Group's depreciation of property, plant and equipment was charged to the following financial statement line items in the consolidated statements of comprehensive income during the Track Record Period:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	2,215	1,899	2,203
General and administrative expenses	1,011	1,426	1,510
Selling and marketing expenses	124	164	175
Research and development expenses	242	403	370
	3,592	3,892	4,258

(b) The construction in progress during the year ended 31 December 2022 represented the construction of the Group's headquarters at No. 88 Tonghui Road, Xiamen, Fujian Province of the PRC. There are three blocks of buildings of which one block is used as the Group's office and research and development centre, one block is used as the Group's production factory and warehouse and certain area of it is leased out, and the remaining block is fully leased out. The leased out block and areas are accounted for as investment properties (Note 15) of the Group. The construction of the buildings was completed in year 2022 and the construction in progress was transferred to buildings under property, plant and equipment and investment properties accordingly.

(c) Assets pledged

As at 31 December 2022, 2023 and 2024, the buildings of the Group were pledged to secure certain bank borrowings of the Group (Note 29).

(d) Accounting policies of property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives as follows:

Buildings	40 years
Machinery and equipment	3–10 years
Office furniture and fixtures	3–5 years
Vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4(b)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss (Note 9).

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for intended use.

The Company

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022						
Opening net book amount	–	3,905	303	202	92,146	96,556
Additions	–	1,387	1,147	113	29,390	32,037
Transferred from construction in progress	80,928	699	525	–	(82,152)	–
Disposals	–	(185)	(37)	(1)	–	(223)
Transferred to investment properties *(Note 15)*	–	–	–	–	(39,384)	(39,384)
Depreciation charge	(1,259)	(1,927)	(321)	(67)	–	(3,574)
Closing net book amount	79,669	3,879	1,617	247	–	85,412
At 31 December 2022						
Cost	80,928	19,815	3,032	1,181	–	104,956
Accumulated depreciation	(1,259)	(15,936)	(1,415)	(934)	–	(19,544)
Net book amount	79,669	3,879	1,617	247	–	85,412
Year ended 31 December 2023						
Opening net book amount	79,669	3,879	1,616	247	–	85,411
Additions	216	1,975	173	355	–	2,719
Disposals	–	(6)	(2)	–	–	(8)
Depreciation charge	(1,928)	(1,368)	(431)	(147)	–	(3,874)
Closing net book amount	77,957	4,480	1,356	455	–	84,248
At 31 December 2023						
Cost	81,144	21,285	3,166	1,536	–	107,131
Accumulated depreciation	(3,187)	(16,805)	(1,810)	(1,081)	–	(22,883)
Net book amount	77,957	4,480	1,356	455	–	84,248

	Buildings	Machinery and equipment	Office furniture and fixtures	Vehicles	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Opening net book amount	77,957	4,480	1,356	455	–	84,248
Additions	–	3,946	434	–	73	4,453
Disposals	–	(89)	(1)	–	–	(90)
Depreciation charge	(1,933)	(1,620)	(526)	(150)	(14)	(4,242)
Closing net book amount	76,024	6,717	1,263	305	59	84,369
At 31 December 2024						
Reclassification						
Cost	81,144	25,274	3,511	1,536	73	111,538
Accumulated depreciation	(5,120)	(18,557)	(2,248)	(1,231)	(14)	(27,169)
Net book amount	76,024	6,717	1,263	305	59	84,369

As at 31 December 2022, 2023 and 2024, the Company's buildings were pledged to secure certain bank borrowings of the Company (Note 29).

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group

(a) Amounts recognised in the consolidated statements of financial position

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Land use rights	4,679	4,581	4,483
– Leased properties	429	109	199
Total right-of-use assets	5,108	4,690	4,682
Lease liabilities			
– Current	325	96	126
– Non-current	94	–	65
Total lease liabilities	419	96	191

Movements in right-of-use assets in the Track Record Period are analysed as follows:

	Land use rights	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	8,043	592	8,635
Additions	–	439	439
Transferred to investment properties *(Note 15)*	(3,249)	–	(3,249)
Depreciation charge *(Note 6)*	(115)	(602)	(717)
Closing net book amount	4,679	429	5,108
Year ended 31 December 2023			
Opening net book amount	4,679	429	5,108
Depreciation charge *(Note 6)*	(98)	(320)	(418)
Closing net book amount	4,581	109	4,690
Year ended 31 December 2024			
Opening net book amount	4,581	109	4,690
Additions	–	851	851
Termination	–	(484)	(484)
Depreciation charge *(Note 6)*	(98)	(277)	(375)
Closing net book amount	4,483	199	4,682

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Land use rights	4,679	4,581	4,483
– Buildings	153	12	199
Total right-of-use assets	4,832	4,593	4,682
Lease liabilities			
– Current	144	–	126
– Non-current	–	–	65
Total lease liabilities	144	–	191

Movements in right-of-use assets during the Track Record Period are analysed as follows:

	Land use rights	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	8,043	–	8,043
Additions	–	282	282
Transferred to investment properties	(3,249)	–	(3,249)
Depreciation charge	(115)	(129)	(244)
Closing net book amount	4,679	153	4,832
Year ended 31 December 2023			
Opening net book amount	4,679	153	4,832
Depreciation charge	(98)	(141)	(239)
Closing net book amount	4,581	12	4,593
Year ended 31 December 2024			
Opening net book amount	4,581	12	4,593
Additions	–	492	492
Disposals	–	(183)	(183)
Depreciation charge	(98)	(122)	(220)
Closing net book amount	4,483	199	4,682

(a) The Group's leasing activities

Land use rights

All land in the PRC is state-owned or collectively-owned and no individual land ownership right exists. The Group's land use rights refer to the land on which the Group's headquarters at No. 88 Tonghui Road, Xiamen, Fujian Province of the PRC is situated. The land use rights have a lease period of 50 years. The premiums paid for such rights are recorded as right-of-use assets, and are amortised over the lease periods of 50 years using the straight-line method.

Lease of properties

The Group leases office premises for its research and development function in Wuhan as lessee. Rental contracts of properties are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Details of the accounting policies on leases are set out in Note 40.6.

(b) Asset pledged

As at 31 December 2022, 2023 and 2024, the Group's land use rights included in right-of-use assets with carrying amount of RMB4,679,000, RMB4,581,000 and RMB4,483,000, respectively, were pledged to secure certain bank borrowings of the Group (Note 29).

In addition, due to a litigation case where the Group was the defendant, the Group's land use rights were seized for three years starting from 11 February 2022.

15 INVESTMENT PROPERTIES

The Group and the Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	–	41,957	40,955
Transfer from construction in progress *(Note 13)* and right-of-use assets *(Note 14)*	42,633	–	–
Depreciation *(Note 6)*	(676)	(1,002)	(1,002)
At 31 December	41,957	40,955	39,953
Cost as at 31 December	42,633	42,633	42,633
Accumulated depreciation	(676)	(1,678)	(2,680)
At 31 December	41,957	40,955	39,953

(a) The investment properties consist one block of building and certain floor area of another building at the Group's headquarters that are held for leasing. The construction of the buildings was completed in 2022 and the relevant costs were transferred from land use right under right-of-use assets and construction in progress under property, plant and equipment to investment properties accordingly.

(b) The Group has engaged an independent professional valuer to determine the fair value of the investment properties. The valuation of the investment properties as at 31 December 2024 was RMB50,297,000. The directors of the Company have assessed and estimated the fair value of the investment properties as at 31 December 2023 and 31 December 2024 to be the same as the valuation amount as at 31 December 2022 given that there was no major change in market value of the industrial properties in Xiamen during the years.

(c) Amounts recognised in profit or loss for investment properties

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other income – rental income	2,474	5,345	5,223
Other costs – depreciation of investment properties	(676)	(1,002)	(1,002)
Other costs – direct operating expenses from properties that generated rental income	(164)	(620)	(823)

(d) Assets pledged

As at 31 December 2022, 2023 and 2024, the Group's investment properties were pledged to secure certain bank borrowings of the Group (Note 29).

(e) Depreciation method

The Group depreciates investment properties with a limited useful life using the straight-line method over the following periods:

Buildings	40 years
Land-use rights	50 years

16 INTANGIBLE ASSETS

The Group and the Company

	Development expenditures *RMB'000*	**Computer software** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2022			
Opening net book amount	7,021	392	7,413
Additions	7,746	–	7,746
Amortisation charge *(Note 6)*	(2,006)	(330)	(2,336)
Closing net book amount	12,761	62	12,823
Year ended 31 December 2023			
Opening net book amount	12,761	62	12,823
Additions	10,728	106	10,834
Amortisation charge *(Note 6)*	(3,872)	(24)	(3,896)
Closing net book amount	19,617	144	19,761
Year ended 31 December 2024			
Opening net book amount	19,617	144	19,761
Additions	8,456	47	8,503
Amortisation charge *(Note 6)*	(5,198)	(45)	(5,243)
Closing net book amount	22,875	146	23,021

(a) The Group's amortisation of intangible assets was charged to the following financial line items in the following categories in the consolidated statements of comprehensive income during the Track Record Period:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales – development expenditures	2,006	3,872	5,198
Administrative expenses – computer software	330	24	45
	2,336	3,896	5,243

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Development expenditures	3–5 years
Computer software	5–10 years

(b) Accounting policy for research and development expenditures

Research expenditures are charged to the consolidated statements of comprehensive income as expenses in the period the expenditure is incurred. Development expenditures are recognised as assets if they can be clearly assigned to a newly developed product or process and all the following can be demonstrated:

- The technical feasibility to complete the development project so that it will be available for use or sale;
- The intention to complete the development project to use it;
- The ability to use the output of the development project;
- The manner-in-which the development project will generate probable future economic benefits to the Group;
- The availability of adequate technical, financial, and other resources to complete the development project and use or sell the intangible asset; and
- The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset relating to development expenditures is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalised in intangible assets include employee costs, costs of raw materials, depreciations and other expenses incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognised in the consolidated statements of profit or loss as incurred.

Capitalised development expenditures are amortised using a straight-line method over the expected useful lives ranging between 3 to 5 years.

The Group incurred the following expenditures in research and development activities:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses incurred:			
Employee benefits	15,974	17,986	19,809
Cost of raw materials	2,082	830	1,089
Depreciation	391	556	507
Others	3,610	1,491	2,404
	22,057	20,863	23,809
Less: Development expenditures capitalised as intangible assets	(7,746)	(10,728)	(8,456)
Amount charged to profit or loss	14,311	10,135	15,353
Add: amortisation of development expenditures capitalised as intangible assets	2,006	3,872	5,198
Total research and development related expenditures charged to profit or loss	16,317	14,007	20,551

The total research and development related expenditures charged to profit or loss are included in the following categories in the consolidated statements of comprehensive income during the years ended 31 December 2022, 2023 and 2024:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	3,353	5,224	5,198
Research and development expenses	12,964	8,783	15,353
	16,317	14,007	20,551

(c) Impairment test for intangible assets not yet available for use

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Intangible assets not yet available for use – development expenditures	4,463	8,154	4,107

Intangible assets not yet available for use are derived from the capitalised development expenditures 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 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 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 and 2024. 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 and 2024:

	As at 31 December		
	2022	**2023**	**2024**
Revenue growth rate	0%–14.60%	0%–18.92%	13.10%–13.62%
Pre-tax discount rate	14.60%	14.00%	14.00%

Management has determined the values assigned to each of the above key assumptions as follows:

Revenue growth rate: based on past performance and management's expectations of market development;

Pre-tax discount rate: reflect specific risks relating to the operation of the business in the PRC.

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 its carrying amount ("the headroom") to its carrying amount was as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
Headroom	41.97%–783.36%	35.46%–234.70%	40.28%–578.94%

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 and 2024.

17 OTHER NON-CURRENT ASSETS

The Group's and the Company's other non-current assets represented prepayments for the purchase of property, plant and equipment. The prepayments would be transferred to the relevant assets when the assets were received.

18 INVENTORIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work-in-progress	1,563	93	779
Finished goods	48,624	39,806	28,091
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
	90,001	87,187	64,446

During the Track Record Period, the cost of inventories recognised as an expense and included in "cost of sales" amounted to RMB251,297,000, RMB217,769,000 and RMB218,932,000 for the years ended 2022, 2023 and 2024 respectively.

Provision is made for slow moving and obsolete inventories, including where the net realisable value is lower than its carrying value, and is recorded in cost of sales in the consolidated statements of comprehensive income. The net provision/(reversal) of impairment for inventories as recognised for the Track Record Period amounted to approximately RMB5,534,000, RMB925,000, and RMB(3,296,000), respectively.

Accounting policies of inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as cost of sales in the period in which the reversal occurs.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,402	60,734	44,431
Work-in-progress	1,563	93	779
Finished goods	39,778	31,968	24,680
Less: provision for impairment of inventories	(12,588)	(13,446)	(8,855)
	81,155	79,349	61,035

19 TRADE AND NOTE RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	2,005	2,908	937
Trade receivables			
– Third parties	22,795	57,933	65,641
	24,800	60,841	66,578
Less: provision for impairment	(494)	(660)	(412)
	24,306	60,181	66,166

As at 31 December 2022, 2023 and 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	21,805	56,861	64,198
181–360 days	854	420	1,306
Over 360 days	136	652	137
	22,795	57,933	65,641

For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records, past experience, as well as forward looking information.

The Group applies the simplified approach to provide for expected credit loss, which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9. Details of the assessment of expected loss rates of the Group's trade receivables are set out in Note 3.1 (b)(ii).

The carrying value of trade and notes receivables approximated their fair values as at the balance sheet dates due to their short term nature and were dominated in RMB.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	2,005	2,908	–
Trade receivables			
– From subsidiaries	27,805	49,638	38,077
– Third parties	11,976	32,086	32,751
	41,786	84,632	70,828
Less: provision for impairment	(253)	(150)	(25)
	41,533	84,482	70,803

As at years ended 31 December 2022, 2023 and 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	39,105	81,414	70,828
181–360 days	676	–	–
Over 360 days	–	310	–
	39,781	81,724	70,828

The carrying amounts of trade and notes receivables approximated their fair values as at the balance sheet dates due to their short term nature and were denominated in RMB.

20 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of raw materials	1,378	4,006	1,938
Prepayments for expenses	1,837	239	1,593
Prepayments for listing expenses	–	2,678	5,342
Value added tax recoverable	8,778	11,468	7,771
Other receivables – refundable deposits receivable	887	1,064	621
Others	2,978	2,697	3,058
Less: provision for impairment	(85)	(84)	(92)
	15,773	22,068	20,231

The carrying amounts of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for purchase of raw materials	1,378	4,006	1,938
Prepayments for expenses	1,308	32	686
Prepayments for listing expenses	–	2,678	5,342
Value added tax recoverable	–	4,341	1,342
Other receivables – refundable deposits receivable	761	890	430
Other current assets – amounts due from subsidiaries	139	–	–
Others	2,644	2,070	2,708
Less: provision for impairment	(65)	(71)	(65)
	6,165	13,946	12,381

The carrying amounts of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost			
Trade receivables *(Note 19)*	24,306	60,181	66,166
Other receivables (excluding value added tax recoverable) *(Note 20)*	3,780	3,677	3,587
Amounts due from related parties *(Note 33(c))*	39,036	32,492	–
Restricted cash *(Note 23)*	6,787	2,304	–
Cash and cash equivalents *(Note 23)*	23,427	15,141	7,609
	97,336	113,795	77,362
Financial assets at fair value through profit or loss	56,542	11,504	22,422
	153,878	125,299	99,784
Financial liabilities at amortised cost			
Trade payables *(Note 27)*	46,038	68,098	43,811
Accruals and other payables (excluding staff salaries and welfare payables, value added tax and others) *(Note 28)*	32,796	6,736	7,254
Borrowings *(Note 29)*	110,201	86,761	89,321
Lease liabilities *(Note 14)*	419	96	191
	189,454	161,691	140,577
Financial liabilities at fair value through profit or loss *(Note 22)*	–	2,114	–
	189,454	163,805	140,577

22 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

The Group's financial assets and financial liabilities at FVPL included the following:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVPL:			
Investments in wealth management products issued by banks	55,031	11,504	22,422
Foreign currency forward contracts	1,511	–	–
	56,542	11,504	22,422
Financial liabilities at FVPL:			
Foreign currency forward contracts	–	(2,114)	–

The movements for investments in wealth management products in the Group's financial assets at FVPL are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	47,256	55,031	11,504
Additions	564,752	311,120	270,945
Disposals	(557,453)	(354,994)	(260,496)
Gains on financial assets at FVPL	476	347	469
Closing balance	55,031	11,504	22,422

The Group bought certain wealth management products from banks. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they have been designated as financial assets at FVPL.

The Group enters into foreign currency forward contracts to hedge the Group's exposure to foreign exchange risk, mainly the USD denominated trade receivables and cash and cash equivalent.

The gain or loss on financial assets and liabilities at FVPL are set out in Note 9 above.

The Company

The Company's financial assets measured at FVPL included the following:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investments in wealth management products issued by banks	53,751	11,504	8,451

23 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Cash on hand and at banks	23,039	14,601	6,954
Other cash and cash equivalents	388	540	655
	23,427	15,141	7,609
Restricted cash			
Cash at banks	6,787	2,304	–

As at 31 December 2022, 2023 and 2024, bank deposits of RMB6,787,000 and RMB2,304,000 and RMB nil respectively were restricted and held in designated bank accounts as deposits for foreign currency forward contracts.

Cash and cash equivalents and restricted cash were denominated in the following currencies:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
RMB	27,417	11,940	6,880
USD	2,259	5,195	688
Others	538	310	41
	30,214	17,445	7,609

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	19,759	8,164	4,939

Cash and cash equivalents were denominated in:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
RMB	19,697	8,139	4,913
USD	62	25	26
	19,759	8,164	4,939

24 SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid	32,733	80,000	76,333

A summary of movements in the Company's paid-in capital/share capital is as follows:

	Number of shares	**Paid-in capital/ share capital**
		RMB'000
As at 1 January 2022 and 31 December 2022	32,732,800	32,733
Conversion of capital reserves into share capital (i)	47,267,200	47,267
Balance at 31 December 2023 and 1 January 2024	80,000,000	80,000
Capital reduction (ii)	(3,667,000)	(3,667)
Balance at 31 December 2024	76,333,000	76,333

(i) Upon approval at the meeting of the Board of Directors held on 15 June 2023, the Company increased its registered capital by RMB47,267,200 by way of conversion of capital reserves of the Company for the same amount. After the conversion, the Company's issued share capital was adjusted to RMB80,000,000, and the total number of shares reached 80,000,000.

(ii) On 14 March 2024, the Company repurchased 3,667,000 shares from Xiamen Rongxin at a total consideration of RMB32,490,000 by offsetting against the amount due from Xiamen Rongxin to the Company with an aggregate amount of approximately RMB32.5 million (Note 33(c)).

25 SHARE-BASED COMPENSATIONS

The share-based compensation expenses charged to the consolidated statements of comprehensive income during the Track Record Period were as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Employee share ownership plans	8,158	–	–

(a) Employee share ownership plans

(i) Details of the Company's employee share ownership plans ("ESOP")

The Group set up two limited partnership companies, namely Xiamen Gaoli Hezhong Investment Partnership Limited Partnership (廈門高立合眾投資合夥企業(有限合夥)) ("Xiamen Gaoli Hezhong") which was formerly known as Xiamen Gaoli Hezhong Consulting Management Partnership Limited Partnership (廈門高立合眾諮詢管理合夥企業(有限合夥)) in November 2017, and Xiamen Gaoli Zhongcheng Investment Partnership Limited Partnership (廈門高立眾成投資合夥企業(有限合夥)) ("Xiamen Gaoli Zhongcheng") in November 2018, as the employee shareholding platforms ("Employee Incentive Platforms") to hold the shares granted to employees of the Group.

Participants of the ESOP (the "Participants") are granted limited partnership interests (the "Awards") in the Employee Incentive Platforms and are each a limited partner of the Employee Incentive Platforms upon grant of the Awards. Upon becoming the limited partner of the Employee Incentive Platforms, the Participants indirectly receive economic interest in the pro rata portion of the underlying shares of the Company held by the Employee Incentive Platforms.

Prior to 31 December 2022 or to the submission of the application for the listing on a stock exchange by the Company (whichever is earlier), if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the capital injection amount of the relevant portion of interest that is subject to transfer plus interest.

After 31 December 2022 but prior to the submission of the application for listing on the stock exchange by the Company, if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the parties.

(ii) Awards granted under ESOP

On 21 November 2017, 254,600 shares of the Company with a grant price of RMB4 were granted to certain directors and employees through the Xiamen Gaoli Hezhong, and on 21 December 2018 and 8 December 2021, 146,000 and 146,000 shares of the Company with a grant price of RMB7 and RMB7 per share were granted to certain directors and employees through Xiamen Gaoli Zhongcheng, respectively, while the fair value of shares of the Company at the respective dates of grants was estimated to be RMB6.19, RMB9.74 and RMB19.53 per share, respectively.

The fair value of each award share grant under the ESOP and other issues during the Track Record Period was determined by reference to the consideration paid by third party investors in the latest equity investment transactions value during the latest external financing before or at the date of grant. The respective employees and directors are entitled to receive the same dividend as the other shareholders. Accordingly, no features of the equity instruments granted were incorporated as adjustments into the measurement of fair value.

As at 31 December 2023, 909,180 and 1,016,717 (after giving the effect of adjustment for capitalisation issue), totalling 1,925,897 shares of the Company, representing 1.14% and 1.27% of the Company's shareholding, were held by Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng, respectively, and were all granted to directors and employees of the Group. On 14 March 2024, the Company repurchased 3,667,000 shares from Xiamen Rongxin and resolved to reduce the registered share capital of the Company from RMB80,000,000 to RMB76,333,000 by way of reduction in number of issued shares. As a result, the equity interest in Company's shares held by Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng were increased to 1.19% and 1.33%, respectively.

Details of the award shares held by the directors, supervisors and senior management under the ESOP during the Track Record Period are set out below:

	Number of award shares		
	As at 31 December		
	2022	**2023**	**2024**
Directors, supervisors and employees	788,000	1,925,897	1,925,897

The increase in number of award shares as at 31 December 2023 was due to the issue of 1,137,897 shares of the Company to the Participants through Employee Shareholding Platforms pursuant to the capitalisation of capital reserve.

(b) Accounting policy for share-based compensation expenses

The fair value of the employee services received in exchange for the grant of equity instruments (the "share-based compensation") is the difference between the fair value of each award share of the Company and the cash consideration to be paid by the Participant, and is recognised as an expense in "employee benefit expenses" in the consolidated statement of comprehensive income, with a corresponding increase in equity.

The total amount of share based compensation of the Group was expensed over the vesting period which started from the respective dates of grant since 2017 and until 31 December 2022 according to the terms of ESOP.

At the end of each reporting period during the Track Record Period, the Group would revise its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

26 RESERVES

The Group

	Capital reverse *RMB'000*	Statutory reserves *RMB'000*	Share-based compensation *RMB'000*	Total *RMB'000*
At 1 January 2022	67,144	4,346	4,807	76,297
Profit appropriation to statutory reserve *(a)*	–	3,891	–	3,891
Share-based compensation *(Note 25)*	–	–	8,158	8,158
At 31 December 2022 and 1 January 2023	67,144	8,237	12,965	88,346
Profit appropriation to statutory reserve *(a)*	–	4,070	–	4,070
Conversion of capital reserves into share capital *(Note 24(i))*	(47,267)	–	–	(47,267)
At 31 December 2023 and 1 January 2024	19,877	12,307	12,965	45,149
Profit appropriation to statutory reserve *(a)*	–	3,718	–	3,718
Repurchase of ordinary shares *(Note 24(ii))*	(28,823)	–	–	(28,823)
At 31 December 2024	(8,946)	16,025	12,965	20,044

The Company

	Capital reverse *RMB'000*	Statutory reserves *RMB'000*	Share-based payment *RMB'000*	Total *RMB'000*
At 1 January 2022	66,414	4,344	4,807	75,565
Profit appropriation to statutory reserve *(a)*	–	3,909	–	3,909
Share-based payment *(c)*	–	–	8,158	8,158
At 31 December 2022 and 1 January 2023	66,414	8,253	12,965	87,632
Profit appropriation to statutory reserve *(a)*	–	4,070	–	4,070
Convention of capital reserves into share capital *(Note 24(i))*	(47,267)	–	–	(47,267)
At 31 December 2023 and 1 January 2024	19,147	12,323	12,965	44,435
Profit appropriation to statutory reserve *(a)*	–	3,718	–	3,718
Repurchase of ordinary shares *(Note 24(ii))*	(28,823)	–	–	(28,823)
At 31 December 2024	(9,676)	16,041	12,965	19,330

(a) Statutory surplus reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "PRC Subsidiaries"), it is required to recognise appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserves fund before distributing the net profit. When the balance of the statutory reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserves fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserves fund after such issue is not less than 25% of registered capital.

27 TRADE PAYABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables – third parties	46,038	68,098	43,811

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,038	68,098	43,811

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to their short maturity and were denominated in RMB.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Subsidiaries	49	–	–
– Third parties	45,978	68,865	44,290
	46,027	68,865	44,290

The ageing analysis of trade payables based on the invoice date at the respective company balance sheet dates is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,027	68,865	44,290

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to their short maturity were dominated in RMB.

28 ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	15,034	1,344	439
Dividends payable	15,000	–	–
Staff salaries and welfare payable	7,964	8,014	9,510
Value added tax and other taxes payable	2,348	6,116	6,840
Payables for listing expenses	–	2,629	4,313
Other accrued expenses and payables	2,762	2,763	2,700
	43,108	20,866	23,802

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Payables for purchase of property, plant and equipment	15,034	902	439
Dividends payable	15,000	–	–
Staff salaries and welfare payable	6,363	6,925	7,816
Value added tax and other taxes payable	2,203	5,949	5,530
Payables for listing expenses	–	2,629	4,313
Others	2,156	1,887	2,529
	40,756	18,292	20,627

29 BORROWINGS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current borrowings			
Long-term bank borrowings, secured and guaranteed *(a)*	20,137	17,709	15,214
Long-term bank borrowings secured *(a)*	36,952	32,269	27,659
Long-term bank borrowings, unsecured	–	6,720	16,440
less: current portion	(7,112)	(7,420)	(27,934)
Non-current portion	49,977	49,278	31,379
Current borrowings			
Short-term bank borrowings, guaranteed *(b)*	53,112	30,063	–
Short term bank borrowings, unsecured	–	–	30,008
Current portion of long-term bank borrowings	7,112	7,420	27,934
	60,224	37,483	57,942
Total borrowings	110,201	86,761	89,321

(a) On 21 July 2021, the Company entered into a syndicated loan facility agreement with three banks in the PRC for a 5-years term loan facility. Pursuant to the syndicated loan facilities, various bank borrowings were drawn down from the banks, among which certain long-term bank borrowings were secured by the mortgage of the Group's land use rights (Note 14), buildings (Note 13) and investment properties (Note 15) at the headquarters of the Group in Xiamen and supported by guarantee from Mr. Xu Kaiming (the ultimate controlling shareholder). The guarantee provided by Mr. Xu Kaiming will be released upon listing.

(b) The Group's short-term bank borrowings as at 31 December 2022, 2023 and 2024 were supported by guarantees from Mr. Kaiming (the ultimate controlling shareholder) and his wife, Ms Lin Yaqiong, and a financing guarantee service provider company, Xiamen Huli District Financing Guarantee Co., Ltd..

(c) As at 31 December 2022, 2023 and 2024, the Group's bank borrowings were denominated in RMB and were interest bearing at fixed interest rates at the average of 3.57%, 3.20% and 3.03% per annum, respectively. The bank borrowings are repayable as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	60,224	37,483	57,942
Between 1 and 2 years	7,139	27,859	31,379
Between 2 and 5 years	42,838	21,419	–
	110,201	86,761	89,321

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current borrowings			
Long-term bank borrowings, secured and guaranteed *(a)*	20,137	17,709	15,214
Long-term bank borrowings secured *(a)*	36,952	32,269	27,659
Long-term bank borrowings, unsecured	–	6,720	16,440
less: current portion	(7,112)	(7,420)	(27,934)
Non-current portion	49,977	49,278	31,379
Current borrowings			
Short term bank borrowings, guaranteed *(b)*	53,112	30,063	–
Short term bank borrowings, unsecured	–	–	8,008
Current portion of long-term bank borrowings	7,112	7,420	27,934
	60,224	37,483	35,942
Total borrowings	110,201	86,761	67,321

30 PROVISION

The balance represents provision for a potential litigation claim in connection with a proceeding that was lodged against the Company in August 2021 in relation to a civil action incidental to a criminal case filed by a company (the "Plaintiff") whose trade secret in respect of scales was alleged to be infringed by an ex-employee of the Company. In April 2024, it was ruled by the court that the case was dismissed on the ground that the claims brought by the Plaintiff was not based on the infringement of personal rights or suffering of loss due to destruction of properties and therefore it should not be lodging as a civil action incidental to a criminal case according to PRC laws.

No payment has been made to the Plaintiff as of the date of this report. The directors of the Company, after taking consideration of the advices from the PRC legal counsel regarding the likelihood of the Plaintiff lodging a separate civil action against the Company and the expected amount to settle the claim, made provision accordingly which reflected the directors' best estimate based on available information.

31 DEFERRED INCOME TAX

The Group

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets – gross:			
– Deferred income tax asset to be recovered within 12 months	1,853	2,891	1,527
– Deferred income tax asset to be recovered after 12 months	2,370	2,870	2,985
	4,223	5,761	4,512
Set-off of deferred income tax liabilities	(1,983)	(2,943)	(2,992)
Net deferred income tax assets	2,240	2,818	1,520
Deferred income tax liabilities – gross:			
– Deferred income tax liability to be recovered within 12 months	(489)	(452)	(520)
– Deferred income tax liability to be recovered after 12 months	(1,501)	(2,491)	(2,911)
	(1,990)	(2,943)	(3,431)
Set-off of deferred income tax assets	1,983	2,943	2,992
Net deferred income tax liabilities	(7)	–	(439)
Net deferred income tax assets	2,233	2,818	1,081

The movement in net deferred income tax is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	2,580	2,233	2,818
(Charge)/credited to income tax *(Note 11)*	(347)	585	(1,737)
As at 31 December	2,233	2,818	1,081

(a) Deferred income tax assets – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Provision	1,650	1,650	1,650
Deductible tax losses	203	1,241	1,335
Impairment loss	1,949	2,076	1,366
Fair value loss on financial liabilities at FVPL	–	181	–
Others	421	613	161
	4,223	5,761	4,512

The movement in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	Provision	Deductible tax losses	Impairment loss	Fair value loss on financial liabilities at FVPL	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,650	131	1,466	–	391	3,638
Credited to profit or loss	–	72	483	–	30	585
As at 31 December 2022 and 1 January 2023	1,650	203	1,949	–	421	4,223
Credited to profit or loss	–	1,038	127	181	192	1,538
As at 31 December 2023 and 1 January 2024	1,650	1,241	2,076	181	613	5,761
Credited/(charged) to profit or loss	–	94	(710)	(181)	(452)	(1,249)
As at 31 December 2024	1,650	1,335	1,366	-	161	4,512

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax assets have not been recognised in respect of the tax losses amounting to RMB1,947,000, RMB2,154,000 and RMB3,757,000 as at 31 December 2022, 2023 and 2024, respectively.

The tax losses that are not recognised for deferred income tax assets will be expired as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
2023	534	–	–
2024	147	147	–
2025	94	94	94
2026	272	272	272
2027	900	900	900
2028	–	741	741
2029	–	–	1,750
	1,947	2,154	3,757

(b) Deferred income tax liabilities – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on financial assets at FVPL	76	–	–
Amortisation of intangible assets	1,914	2,943	3,431
	1,990	2,943	3,431

The movement in deferred income tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movement	**Fair value gain on financial assets at FVPL**	**Amortisation of intangible assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	5	1,053	1,058
Charged to profit or loss	71	861	932
As at 31 December 2022 and 1 January 2023	76	1,914	1,990
(Credited)/charged to profit or loss	(76)	1,029	953
As at 31 December 2023 and 1 January 2024	–	2,943	2,943
Charge to profit or loss	–	488	488
As at 31 December 2024	–	3,431	3,431

The Company

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax asset – gross *(a):*			
– Deferred income tax asset to be recovered within 12 months	1,936	2,050	1,342
– Deferred income tax asset to be recovered after 12 months	1,650	1,650	1,650
	3,586	3,700	2,992
Set-off of deferred income tax liabilities	(1,914)	(2,943)	(2,992)
Net deferred income tax assets	1,672	757	–
Deferred income tax liabilities – gross *(b):*			
– Deferred income tax liability to be recovered within 12 months	413	452	520
– Deferred income tax liability to be recovered after 12 months	1,501	2,491	2,911
	1,914	2,943	3,431
Set-off of deferred income tax assets	(1,914)	(2,943)	(2,992)
Net deferred income tax liabilities	-	–	439

(a) Deferred income tax assets – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Provisions	1,650	1,650	1,650
Impairment loss	1,936	2,050	1,342
	3,586	3,700	2,992

(b) Deferred income tax liabilities – gross

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Fair value gains on financial assets at FVPL	–	1	–
Amortisation on intangible assets	1,914	2,942	3,431
	1,914	2,943	3,431

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	42,378	29,554	44,885
Adjustments for:			
Provision for/(reversal of) impairment of inventories *(Note 6)*	5,534	925	(3,296)
(Reversal of)/net impairment losses of financial assets	(6)	165	(173)
Depreciation of property, plant and equipment *(Note 13)*	3,592	3,892	4,258
Depreciation of right-of-use assets *(Note 14)*	717	418	375
Amortisation of investment properties *(Note 15)*	676	1,002	1,002
Amortisation of intangible assets *(Note 16)*	2,336	3,896	5,243
Net loss on disposals of property, plant and equipment *(Note 9)*	98	–	84
Interest income	(430)	(818)	(971)
Interest expenses	1,831	2,263	2,829
Amortisation of deferred income	–	–	900
(Gains)/losses on financial assets at FVPL	(987)	3,553	838
Share-based compensation expenses	8,158	–	–
Operating profit before changes in working capital	63,897	44,850	55,974
Changes in working capital:			
Decrease in inventories	26,272	1,890	26,037
Decrease/(increase) in trade receivables	6,656	(36,041)	(5,802)
Decrease/(increase) in prepayments and other receivables	3,984	(4,894)	1,728
Decrease in contract liabilities	(7,118)	(4,638)	(2,591)
(Decrease)/increase in trade payables	(29,157)	22,060	(24,287)
(Decrease)/increase in accruals and other payables	(696)	6,447	5,092
Cash flows from operating activities	63,838	29,674	56,151

(b) Proceeds from disposal of property, plant and equipment:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net book amount	224	9	91
Net loss on disposal of property, plant and equipment	(98)	–	(84)
	126	9	7

(c) Non-cash transactions:

Significant non-cash transactions include: (1) share-based compensations amounted to RMB8,158,000, nil and nil for the Track Record Period, and (2) amount due from related parties of RMB32,489,000 set off against amount due to the controlling shareholder for repurchase of shares from the controlling shareholder in 2024. There were no other significant non-cash transactions for the Track Record Period.

(d) Net debt reconciliations

Set out below is an analysis of net debt and the movements in net debt from financing activities for each of the years presented.

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	23,427	15,141	7,609
Restricted cash	6,787	2,304	–
Lease liabilities	(419)	(96)	(191)
Borrowings – repayable within one year	(60,224)	(37,483)	(57,942)
Borrowings – repayable after one year	(49,977)	(49,278)	(31,379)
Net debt	(80,406)	(69,412)	(81,903)

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities			
At beginning of the year	566	419	96
Cash outflows	(611)	(327)	(253)
Interest expense	25	4	16
New leases	439	–	851
Termination	–	–	(519)
At end of the year	419	96	191

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Borrowings			
At beginning of the year	57,661	110,201	86,761
Cash outflows	(18,592)	(60,749)	(86,833)
Interest expenses	2,033	2,259	2,813
Cash inflows	69,099	35,050	86,580
At end of the year	110,201	86,761	89,321

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The ultimate controlling shareholder, directors, supervisors, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the Directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Related parties of the Group

Name of related parties	Relationship
Mr. Xu Kaiming	Ultimate controlling shareholder
Xiamen Rongxin	Ultimate holding company, controlled by Mr. Xu Kaiming

The following is a summary of the significant transactions carried out between the Group and its related parties during the Track Record Period, and balances arising from related party transactions as at the respective financial position dates.

(b) Transactions with related parties

Non-trade

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from related parties:			
Xiamen Rongxin	334	675	41
Mr. Xu Kaiming	62	–	–
	396	675	41
Loans to related parties:			
Xiamen Rongxin	37,433	–	–
Mr. Xu Kaiming	2,157	–	–
	39,590	–	–
Repayment of loans by related parties:			
Xiamen Rongxin-repayment	950	5,000	44
Xiamen Rongxin-offset payable	–	–	32,489
Mr. Xu Kaiming	–	2,219	–
	950	7,219	32,533

(c) Balances with related parties

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties (Non-trade in nature):			
Xiamen Rongxin	36,817	32,492	–
Mr. Xu Kaiming	2,219	–	–
	39,036	32,492	–

During the year ended 31 December 2022, the Group made various short term loans to Xiamen Rongxin and Mr. Xu Kaiming. The loans were unsecured and non-trade in nature, bearing interest at rates ranging from 2% to 4.35% per annum, and with repayment terms within 1 year.

On 14 March 2024, pursuant to a loan settlement agreement entered into between the Company and Xiamen Rongxin, the Company agreed to re-purchase from Xiamen Rongxin the Company's shares at a consideration of RMB32,489,000. The consideration offset the Company's amount due from Xiamen Rongxin.

(d) Key management compensation

Key management includes directors (executive and non-executive), supervisors and members of key management. The compensation paid or payable to key management for employee services is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	2,205	2,592	2,232
Housing fund, medical insurance and other social benefits	281	310	238
Pension costs – defined contribution plans	266	288	69
Share-based compensation	1,563	–	–
	4,315	3,190	2,539

34 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors' emoluments

The remuneration paid or payable to the directors and supervisors of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to becoming the directors of the Company) during the Track Record Period was as follows.

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	360	30	47	9	–	446
Directors							
Mr. Xu Kaihe (許開河)	–	302	22	40	9	253	626
Mr. Hu Zunfa(胡遵法) *(v)*	–	260	15	36	9	216	536
Independent non-executive directors							
Ms. Wang Hua(王樺) *(i)*	–	60	–	–	–	–	60
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Supervisors							
Ms. Chai Ling (柴菱)	–	181	28	25	9	104	347
Mr. Fu Jianfang (傅劍芳)	–	280	26	38	9	678	1,031
Mr. Jiang Jingtao (江靜濤)	–	152	9	35	9	25	230
	–	1,655	130	221	54	1,276	3,336

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	360	30	49	9	–	448
Directors							
Mr. Xu Kaihe (許開河)	–	353	31	44	9	–	437
Ms. Lin Yanqin (林燕琴)	–	146	–	18	9	–	173
Ms. Xi Huanian (席華年) *(iii)*	–	209	–	30	9	–	248
Independent non-executive directors							
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Dr. Yu Xiaoou (于小偶) *(ii)*	–	60	–	–	–	–	60
Dr. Lim Kim Huat (林駿華) *(iv)*	–	108	–	–	–	–	108
Supervisors							
Ms. Chai Ling (柴菱)	–	208	36	31	9	–	284
Mr. Fu Jianfang (傅劍芳)	–	313	36	41	9	–	399
Mr. Jiang Jingtao (江靜濤)	–	95	35	27	9	–	166
	–	1,912	168	240	63	–	2,383

Name of Directors	Fees	Wages	Bonuses	Social benefits	Pension costs – defined contribution plans	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024							
Chairman of the Board							
Mr. Xu Kaiming (許開明)	–	297	30	47	8	–	382
Directors							
Mr. Xu Kaihe (許開河)	–	342	26	6	8	–	382
Ms. Lin Yanqin (林燕琴)	–	170	23	20	18	–	231
Independent non-executive directors							
Dr. Huang Liqin (黃立勤)	–	60	–	–	–	–	60
Dr. Yu Xiaoou (于小偶) *(ii)*	–	60	–	–	–	–	60
Dr. Lim Kim Huat (林駿華) *(iv)*	–	110	–	–	–	–	110
Supervisors							
Ms. Chai Ling (柴菱)	–	154	36	47	8	–	245
Mr. Fu Jianfang (傅劍芳)	–	339	82	30	8	–	459
Mr. Jiang Jingtao (江靜濤)	–	31	7	5	3	–	46
	–	1,563	204	171	37	–	1,975

(i) Ms. Wang Hua was appointed as the director of the Company in July 2021 and resigned in November 2022.

(ii) Dr. Yu Xiaoou was appointed as the director of the Company in November 2022.

(iii) Ms. Xi Huanian was appointed as the director of the Company in March 2023 and resigned in December 2023.

(iv) Dr. Lim Kim Huat was appointed as the director of the Company in March 2023.

(v) Mr. Hu Zunfa was appointed as the director of the Company in March 2022 and resigned in March 2023.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(b) Directors' and supervisors' retirement benefits

There were no retirement benefits paid to or receivable by any Directors/Supervisors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(c) Directors' and supervisors' termination benefits

There were no termination benefits paid to or receivable by any Director/Supervisor during the Track Record Period.

(d) Consideration provided to third parties for making available directors' and supervisors' services

No payment was made to the former employer of Directors/Supervisors for making available the services of them as a Director of the Company during the Track Record Period.

(e) Information about loans, quasi-loans and other dealings in favour of directors and supervisors'

Other than those disclosed in Note 33(c), there were no loans, quasi-loans and other dealings entered into between the Group and the directors/supervisors and in favour of the directors/supervisors during the Track Record Period.

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

Other than those as disclosed in Note 33(b), there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director/supervisors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

35 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2022, 2023 and 2024, except for the potential litigation case as disclosed in Note 30.

36 COMMITMENTS

Capital commitments

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
– Commitments for construction and acquisition of property, plant and equipment	70,273	–	–

37 DIVIDENDS

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Dividends, declared and paid	20,000	20,000	31,500
Dividend per share *(RMB)*	0.61	0.61	0.38

During the Track Record Period, the Company declared dividends of RMB20,000,000, RMB20,000,000 and RMB31,500,000 and paid dividends in cash of RMB5,000,000, RMB35,000,000 and RMB31,500,000 to shareholders of the Company during the respective years, respectively.

38 SUBSEQUENT EVENTS

In March 2025, the Group renewed bank borrowing of RMB12.0 million.

39 SUBSIDIARIES

(a) Investments in subsidiaries – the Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	8,270	8,270	8,270

The subsidiaries of the Company as at 31 December 2022, 2023 and 2024 and the date of this report are set out below:

Company name	Date of incorporation	Country/Place of incorporation/ establishment	Registered paid-up capital	Effective interest held as at 31 December 2022	2023	2024	Date of this report	Direct or Indirect	Principal activities
Directly held:									
Rongta Trade Co., Ltd.* (容大匯通(廈門)貿易有限公司)	15 December 2017	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Direct	Trading company
IMachine (Xiamen) Intelligent Devices Co., Ltd.* (艾碼訊(廈門)智能設備有限公司)	15 November 2017	PRC, limited liability company	RMB5,000,000	100%	100%	100%	100%	Direct	Manufacturing and distributing intelligent POS machine and desktop POS machine
Xingbang Trade Co., Ltd.* (廈門市興邦聯合貿易有限公司)	19 October 2015	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Direct	Electronic trading company with sale of weighting apparatus
Indirectly held:									
Rongta LiZhong Trade Co., Ltd.* (容大利眾(廈門)貿易有限公司)	4 March 2021	PRC, limited liability company	RMB10,000,000	100%	100%	100%	100%	Indirect	Sale of weighting apparatus and monetary specialised equipment

No audited statutory financial statements have been issued for the entities as there are no statutory requirements in the respective places of incorporation.

* The English names of the PRC companies and statutory auditor referred to in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

40. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

40.1 Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

40.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill. Investments in subsidiaries are also assessed for impairment and written down to their recoverable amounts in accordance with Note 4.

40.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is RMB. Majority of the subsidiaries of the Group operate in the PRC and their functional currency is RMB. The Historical Financial Information is presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within "other (losses)/gains".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

40.4 Intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

40.5 Investment properties

Investment properties are defined as properties (land or a building – or part of a building – or both) held (by the owner or by the lessee) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

40.6 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate are initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease payments are discounted using the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group's right-of-use assets consist of up-front the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheets based on their nature.

40.7 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.8 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at a amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group has the following types of assets that are subject to IFRS 9's expected credit loss model:

- trade receivables
- other receivables
- cash and cash equivalents
- restricted bank balances

While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade receivables with no significant financing component, the Group applies simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on cash and cash equivalents, restricted cash and other receivables are measured as lifetime expected credit losses if a significant increase in credit risk of a receivable has occurred since initial recognition.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

40.9 Trade and other receivables and amounts due from related parties

Trade receivables are amounts due from customers for products and services provided in the ordinary course of business. Amounts due from related parties are loans provided to related parties with interest, and they are unsecured with repayment terms within 1 year. If collection of trade and other receivables and amounts due from related parties is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 4 for a description of the Group's impairment policies.

40.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

40.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

40.12 Trade and other payables

Trade payables represent liabilities for products and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities if payment is due within 12 months. If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

40.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

40.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

40.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. Deferred tax is recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iii) Offsetting deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

40.16 Interest income

Interest income from financial assets at FVPL is included in the other gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 3.3 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

40.17 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 relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

40.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

40.19 Provision

Provision for potential legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

40.20 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the Historical Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the Historical Financial Information when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31 December 2024 and up to the date of the report.

The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth 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 prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

This 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 as at 31 December 2024 or at any future dates following the Global Offering.

	Audited Consolidated Net Tangible Assets of the Group Attributable to the Owners of the Company as at 31 December 2024	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as at 31 December 2024**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$10.00 per Offer Share	137,042	135,804	272,846	2.88	3.18
Based on an Offer Price of HK$12.00 per Offer Share	137,042	166,810	303,852	3.21	3.54

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 is extracted from the Accountant's Report 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 as at 31 December 2024 of approximately RMB160,063,000 after deducting the Group's intangible assets of approximately RMB23,021,000 as at 31 December 2024.

(2) The estimated net proceeds from the Global Offering are based on 18,400,000 Offer Shares and the indicative Offer Price of HK$10.00 per Offer Share and HK$12.00 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB16,898,000 which have been accounted for in the consolidated statements of comprehensive income prior to 31 December 2024).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 94,733,000 Shares (representing 76,333,000 Shares at 31 December 2024 and 18,400,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on 31 December 2024 but does not take into account of any Shares which may be allotted and issued by the Company upon exercise of the Over-allotment Option or pursuant to the general mandate or repurchased by the Company pursuant to the repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9061 to HK$1.00. 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 rate.

(5) The Group's property interests as at 30 April 2025 were valued by a property valuer, and the full text of the valuation report with regard to such property interests is set out in Appendix VI to this prospectus. The valuation surplus as at 30 April 2025, representing the excess of market value of the Group's property interests over their book value, was approximately RMB24,177,000. Such valuation surplus has not been included in the Group's consolidated financial statements as at 31 December 2024, and the above adjustments do not take it into account. Had the property interests been stated at such valuation, additional depreciation of RMB636,000 per annum would have been charged to the consolidated statement of comprehensive income.

(6) No adjustment has been made to reflect any trading results or other transactions of the Company entered into subsequent to 31 December 2024.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2024 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 30 May 2025, in connection with the proposed initial public offering of the H Shares of the Company (the "Prospectus"). 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 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2024 as if the proposed initial public offering had taken place at 31 December 2024. 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 31 December 2024, on which an accountant's report has been published.

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Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars,* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("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 behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 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 Accountant's 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 accountant plans and performs 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed initial public offering at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 May 2025

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 provisions. Accordingly, you should consult your own tax advisor 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 retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on 31 August 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on 18 December 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Enterprise Investor

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on 16 March 2007 and last amended on 29 December 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was issued by the State Council on 6 December 2007, came into effect on 1 January 2008 and amended on 23 April 2019 (hereinafter collectively referred to as the "**CIT Law**"), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from 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. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the State Administration of Taxation (the "**SAT**") on 6 November 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement**"), which was signed on 21 August 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement 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 State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

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 corporate income tax 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 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 corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**"), which was implemented on 1 May 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on 1 January 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the Ministry of Finance and the SAT on 30 March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on 31 December 2009, the Ministry of Finance, SAT and China Securities Regulatory Commission jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on 31 December 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on 10 November 2010). As at the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the CIT Law, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income 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 avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued on 10 June 2021 and came into effect on 1 July 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

Hong Kong Taxation

Tax on Dividends

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. However, 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. 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 realised by persons carrying on a dealing in securities or business of trading in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% 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 Hong Kong securities, including H Shares (in other words, a total of 0.2% 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

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi. The State Administration of Foreign Exchange (the "**SAFE**"), with the authorisation of the People's Bank of China (the "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regime regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**"), which was issued by the State Council on 29 January 1996, implemented on 1 April 1996 and last amended on 5 August 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination by the competent foreign exchange authorities 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 conversion and sale of foreign currencies and supervision and inspection by the competent foreign exchange authorities. For capital items, overseas organisations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the competent foreign exchange 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 expenditure occur or may occur a material misbalance, 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.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on 20 June 1996 and implemented on 1 July 1996, regulates the existing regulatory measures on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on 21 July 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 21 July 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current 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 (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) which was promulgated by the State Council on 23 October 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on 26 December 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange 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 document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《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 by the SAFE on 13 February 2015, came into effect on 1 June 2015 and partially repealed on 30 December 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. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

In accordance with the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Circular No. 21**"), which was promulgated on 10 May 2013 with effect from 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular No. 19**"), promulgated on 30 March 2015, coming effective on 1 June 2015, partially abolished on 30 December 2019, and last amended on March 23 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionising and Regulating Capital Account Settlement Management Policies (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE and implemented on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On 23 October 2019, SAFE promulgated the Notice 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》) (the "**SAFE Circular No. 28**"), which became effective on the same date. The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realisation 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.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China adopted on 20 September 1954 and subsequently amended on 17 January 1975, 5 March 1978, 4 December 1982, 12 April 1988, 29 March 1993, 15 March 1999, 14 March 2004, and 11 March 2018 (the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, autonomy regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**") adopted on 15 March 2000 and amended on 13 March 2023, the National People's Congress of the People's Republic of China (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State. The NPC is authorised to formulate and amend basic laws governing state agencies, civil and criminal matters, and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required by to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that they shall not be in conflict with the basic principles of such laws.

The State Council is the highest administrative organ of the state, and has the power to enact administrative regulations under the Constitution and laws.

The people's congresses and their standing committees of provinces, autonomous regions, and municipalities directly under the Central Government may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, 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 respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual requirements of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. However, if there are separate provisions by law on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, but should comply with the constitution, laws, administrative regulations and local regulations of relevant provinces and autonomous regions. 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 the province or autonomous region concerned. Where, during the examination for approval of local regulations of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations enacted by an autonomous region shall come into effect upon approval by the Standing Committee of the NPC. The autonomous regulations and separate regulations enacted by an autonomous prefecture or autonomous county shall come into effect upon approval from the respective standing committees of the people's congresses of the provinces, autonomous regions and municipalities directly under the Central Government.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and cities and autonomous regions divided into districts may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

According to the Constitution and Legislative Law, the power to interpret laws is vested in the Standing Committee of the National People's Congress. According to Resolutions of the Standing Committee on Improving Interpretation of Laws implemented on 10 June 1981, in cases where interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Other relevant legal and statutory issues other than the above shall be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions also have the right to interpret the administrative regulations and departmental rules promulgated by them. At the local level, the power to interpret local laws is vested in the local legislative and administrative authorities that promulgate the relevant laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organisation of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) adopted on 21 September 1954 and subsequently amended on 5 July 1979, 2 September 1983, 2 December 1986, 31 October 2006 and 26 October 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts at all levels, the military courts and other special people's courts.

The local people's courts are divided into the basic people's courts, the higher people's courts, and the intermediate people's courts. The basic people's courts may establish civil, criminal, and economic tribunals and several people's tribunals based on locality, population, and cases. The tribunals of the intermediate people's courts are similar to those of the basic people's courts, where other special tribunals may be established when necessary. The aforesaid two levels of people's courts are subject to the supervision of the people's courts at the higher level. The Supreme People's Court is the highest judicial organ in the PRC and supervises the judicial work of local people's courts at all levels and special people's courts. The Supreme People's Procuratorate has the power to supervise the judgements and rulings of the people's courts at all levels that have become legally binding, and the Higher People's Procuratorate has the power to supervise the judgements and rulings of the people's courts at lower levels that have become legally binding.

Pursuant to the Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and subsequently implemented on 28 October 2007, 31 August 2012, 27 June 2017, and 1 September 2023 and 1 January 2024, the judgement and ruling of the people's court of second instance shall be the judgement and ruling of final instance. If the parties concerned are dissatisfied with the first-instance judgement or ruling of the local people's court, they have the right to appeal. The People's Procuratorate may lodge a protest with the People's Court at the next higher level in accordance with the procedures prescribed by law. If the parties concerned do not appeal and the People's Procuratorate does not file a protest within the prescribed time limit, the judgement or ruling of the People's Court shall be final. The second-instance judgements or rulings of the Intermediate People's Court, the Higher People's Court and the Supreme People's Court, as well as the first-instance judgements or rulings of the Supreme People's Court are final judgements and rulings. However, the Supreme People's Court shall have the power to bring to trial or direct the lower people's courts to retry the judgements, rulings, and conciliations of the local people's courts at all levels that have entered into force, and the higher people's courts shall have the power to bring to trial or direct the lower people's courts to retry the judgements, rulings, and conciliations of the people's courts at all levels that have entered into force if it discovers that there is an error in the judgement, ruling, or conciliation. If the presiding judge of a people's court at any level finds that there is an error in a judgement, ruling or conciliation that has entered into force and considers that it should be retried, he or she shall submit it to the trial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC stipulates the filing of civil lawsuits, the jurisdiction of the people's courts, the procedures that need to be followed in conducting civil lawsuits, and the conditions for the execution of civil judgements or awards. All parties filing a civil lawsuit in the PRC must abide by the Civil Procedure Law of the PRC. Civil cases are generally heard in the court where the defendant is located. In a civil lawsuit, both parties to a contract may agree in a written contract to choose the jurisdiction of the people's court at the place where the defendant is domiciled, the place where the contract is performed, the place where the contract is signed, the place where the plaintiff is domiciled, and the place where the subject matter is located, but the provisions on hierarchical jurisdiction and exclusive jurisdiction shall not be violated.

Foreigners, stateless persons, foreign enterprises and organisations have the same litigation rights and obligations as Chinese citizens, legal persons and other organisations when filing lawsuits and responding to lawsuits in Chinese courts. Where a foreign court imposes restrictions on the civil litigation rights of a Chinese citizen or enterprise, the Chinese courts shall apply the principle of reciprocity with respect to the civil litigation rights of that citizen or enterprise. Foreigners, stateless persons, foreign enterprises and organisations that are suing or responding to lawsuits in Chinese courts and need to appoint lawyers to represent them in litigation must appoint Chinese lawyers. In accordance with international treaties concluded or acceded to by the People's Republic of China, or in accordance with the principle of reciprocity, the people's courts and foreign courts may request each other to serve documents, investigate and collect evidence, and conduct other litigation activities on their behalf. The parties must fulfil any legally effective civil judgement or ruling. If one party to a civil lawsuit refuses to comply with the judgement or ruling made by the People's Court or the award made by a Chinese arbitration tribunal, the other party may apply to the People's Court for enforcement within two years (it may also apply for postponement of enforcement or revocation). If one party fails to perform the judgement within the prescribed time limit granted by the court for execution approval, the court may enforce the judgement against the other party upon application.

If a party applies for enforcement of a legally effective judgement or written order made by the people's court, and the opposite party or its property is not within the territory of the People's Republic of China, the applicant may directly apply for recognition and enforcement to the foreign court which has jurisdiction. If the PRC concludes or participates in an international treaty stipulating recognition and enforcement with a relevant foreign country, or if the judgement or ruling complies with the court's review based on the principle of reciprocity, the People's Court may also recognise and enforce it in accordance with the enforcement procedures of the PRC. Any violation of the basic principles of the PRC laws or national sovereignty, security, or social and public interests will not be recognised or enforced.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations related to the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Commission and the China Securities Regulatory Commission. The Securities Commission is responsible for coordinating the drafting of securities laws and regulations, formulating securities policies, planning securities market development, guiding, coordinating and supervising all securities-related organisations in the PRC, and managing the China Securities Regulatory Commission. The China Securities Regulatory Commission is the regulatory enforcement agency of the Securities Commission. It is responsible for drafting regulatory provisions for the securities market, supervising securities companies, managing the public offering of Chinese company securities inside or outside the PRC, regulating securities trading, collecting securities-related statistical data, and conducting relevant research and analysis. In April 1998, the State Council merged the above two departments and reorganised the China Securities Regulatory Commission.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) stipulates the public offering of equity securities, trading in equity securities, acquisition of listed companies, custody, liquidation and transfer of listed equity securities, disclosure of information by listed companies, investigations, penalties and dispute resolution.

On 25 December 1995, the State Council promulgated the Regulations of the State Council Concerning 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》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the People's Republic of China (the "**PRC Securities Law**") became effective on 1 July 1999 and was amended on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. The PRC Securities Law was amended on 28 December 2019 and became effective on 1 March 2020, and is divided into 14 chapters and 226 articles regulating, among other things, the issuance and trading of securities, the listing of securities, and acquisitions of listed companies.

Article 224 of the PRC Securities Law stipulates that domestic enterprises directly or indirectly issuing securities abroad or listing and trading their securities abroad shall comply with the relevant regulations of the State Council. Currently, the issuance and trading of securities issued overseas (including shares) are mainly regulated by regulations and rules promulgated by the State Council and the China Securities Regulatory Commission.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

On 31 August 1994, the Standing Committee of the NPC enacted the Arbitration Law of the People's Republic of China (the "**PRC Arbitration Law**"), which came into effect on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017, respectively. The PRC Arbitration Law applies to, among other things, economic disputes involving foreign parties where the parties have entered into a written agreement to submit the matter for arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that before the promulgation of arbitration rules by the China Arbitration Association, the arbitration committee may formulate provisional regulations for arbitration in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. If the parties have reached an arbitration agreement and one party sues the People's Court, the People's Court shall not accept the case, unless the arbitration agreement is invalid.

According to the PRC Arbitration Law and the PRC Civil Procedure Law, arbitration is a one-award, one-final system, which is binding on all parties to the arbitration. If one of the parties fails to comply with the arbitration award, the other party to the award may apply to the People's Court to enforce the arbitration decision. However, if the People's Court forms a collegial panel to review and verify that the arbitration procedure is illegal (including but not limited to where the constitution of the arbitral tribunal or the arbitral proceedings are not in accordance with the statutory procedure, where the arbitral committee is not empowered to arbitrate or where the matter to be decided is outside the scope of the arbitration agreement), the People's Court may rule not to implement the arbitration decision made by the arbitration committee.

When a party requests the enforcement of an arbitral award issued by a Chinese foreign-related arbitration institution, if the person subject to enforcement or his property is not within the territory of the PRC, the party shall apply directly to a foreign court with jurisdiction for recognition and enforcement. Similarly, arbitral awards made by foreign arbitral institutions may be recognised and enforced by Chinese courts in accordance with the principle of reciprocity or any international treaty concluded or acceded to by the PRC.

On 2 December 1986, the Standing Committee of the NPC passed a resolution that the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("**New York Convention**") adopted on 10 June 1958. The New York Convention stipulates that all arbitral awards made by another state party are recognised and enforced by each state party, but that each state reserves the right to refuse recognition and enforcement in certain circumstances, including where recognition or enforcement would be contrary to the public policy of that state. The Standing Committee of the NPC declared at the time of the PRC's accession to the Convention that: (i) the PRC would apply the Convention only to the recognition and enforcement of arbitral awards made in the territory of another contracting state on the basis of the principle of reciprocity; and (ii) the New York Convention would apply only to disputes arising out of what are considered to be contractual or non-contractual commercial legal relationships under the PRC law.

Agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000. The arrangement is made in accordance with the spirit of the New York Convention. According to the arrangement, awards made by mainland arbitration institutions in accordance with the PRC Arbitration Law can be enforced in Hong Kong, and awards made by Hong Kong arbitration institutions in accordance with the Hong Kong Special Administrative Region Arbitration Ordinance can also be enforced in mainland China. Enforcement of an award made by a Hong Kong arbitral institution in the PRC may be refused if a PRC court determines that enforcement of the award in the PRC would be contrary to the public interest of the PRC society, or if a Hong Kong Special Administrative Region (HKSAR) court determines that enforcement of the arbitral award in the HKSAR would be contrary to the public policy of the HKSAR. The Supreme People's Court adopted the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (the "**Supplementary Arrangement**") on 9 November 2020. Under the Supplementary Arrangement, before or after accepting an application for enforcement of an arbitral award, the court concerned may, upon application and in accordance with the law of the place where the arbitral award is to be enforced, take measures of preservation or enforcement.

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated on 25 January 2024 and implemented on 29 January 2024 by the Supreme People's Court, the courts of Hong Kong and the courts of the People's Republic of China mutually recognise and enforce legally binding judgements in civil and commercial cases. Mutually recognised and enforced judgements include monetary judgements and non-monetary judgements, in which the scope of mutually recognised and enforced property payments includes the property determined to be paid by the judgement and the corresponding interest, litigation costs, delay in performance and delay in performance interest (exclusive of taxes and penalties).

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES

The Company Law of the People's Republic of China (the "**PRC Company Law**") was passed by the Fifth Session of the Standing Committee of the NPC on 29 December 1993 and came into effect on 1 July 1994. It was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023 respectively. The latest amendment to the PRC Company Law was implemented on 1 July 2024.

The Trial Measures promulgated by the China Securities Regulatory Commission on 17 February 2023 became effective on 31 March 2023 and are applicable to the offshore issuance and listing of securities of companies located in the PRC.

The Guidelines on Articles of Association of Listed Companies (the "**Guidelines**") issued by the CSRC on 16 December 1997, which was last amended on 15 December 2023 and became effective on the same date, provide guidance on the articles of association of companies. Therefore, the contents stipulated in the Guidelines have been included in the Company's Articles of Association, the summary of which is set out in the section "Appendix 7 – Summary of Articles of Association" of this prospectus.

The following is a summary of the principal provisions of the PRC Company Law, Trial Measures and Guidelines applicable to the Company.

General

A joint-stock limited liability company refers to a corporate legal person established in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must have domicile in the PRC. Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and regulations, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

For a company incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the company registration authority. The promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary property shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory committee shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with the company registration authority, and other documents as required by the law or administrative regulations. It shall not raise capital from others before the promoters fully pay the capital subscribed by them; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the company registration authority.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall 15 days before the meeting notify all subscribers or make a public announcement of the date of the inaugural meeting.

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall authorise representatives to apply for registration with the company registration authority. The company is formally established and has the status of a legal person after the approval for registration has been given and a business licence has been issued by the relevant registration authority. Where after the incorporation of a company, a promoter fails to pay in full the subscription moneys in accordance with the provisions of the company's articles of association, he shall pay them in full and the other promoters shall bear joint and several liability. Where it is discovered that the actual evaluation of the non-currency property used as capital contributions for the incorporation of the company is obviously less than the evaluation prescribed by the company's articles of association, the promoters shall make up the difference; and the other promoters shall bear joint and several liability.

If the shares required to be issued at the time of the establishment of a company are not fully subscribed, or if, after the full payment for the issued shares, the promoters fail to convene an establishment meeting within 30 days, any subscriber may demand the promoters to refund their subscriptions, plus the interest calculated based on the bank interest rate for the corresponding period.

Share Capital

The promoters may make capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out in accordance with the laws or administrative regulations on valuation without any over-valuation or under-valuation.

Shares shall be issued in a fair and equitable manner. The same class of shares must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by a subscriber, an entity or an individual, and shall be equal to or greater than the nominal value of the share and shall not be less than the nominal value.

A PRC domestic company must file a report with the China Securities Regulatory Commission before it can offer its shares to the public overseas. According to the Trial Measures, the target investors of overseas offerings by domestic companies should be foreign investors, unless otherwise provided for in the Trial Measures or by the state.

Increase of Share Capital

According to the PRC Company Law, if a company proposes to issue new shares, resolutions shall be passed at a Shareholders' general meeting in accordance with the articles of association to determine the class, amount and issue price of the new shares.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the PRC Securities Law provides that the company shall:

(i) have a sound organisational structure with satisfactory operating record;

(ii) the company is a going concern;

(iii) the auditors have issued an unqualified audit report on the financial and accounting documents of the company for the past three years;

(iv) the company and its controlling shareholders and de facto controllers have not had any criminal records in the past three years in relation to corruption, bribery, embezzlement, misappropriation of assets and breach of socialist market economic order; and

(v) other requirements as prescribed by the securities regulatory authority of the State Council approved by the State Council.

Pursuant to the PRC Company Law, when the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, a company must change its registration with the company registration authority and issue a public notice accordingly.

Decrease of Share Capital

A Company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law of the PRC:

(i) the Company shall prepare a balance sheet and an inventory of assets;

(ii) the reduction of registered capital must be approved by shareholders at a general meeting;

(iii) the Company shall inform its creditors of the reduction in registered capital within ten (10) days and publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System of the reduction within thirty (30) days after the resolution approving the reduction of registered capital has been passed;

(iv) the creditors of the Company may within the statutory prescribed time limit require the Company to pay its debts or provide guarantees covering the debts; the creditors of the Company shall, within thirty (30) days since the date of receiving a written notice or within forty-five (45) days since the date of the announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee; and

(v) the Company must apply to the company's registration authority for the registration of the reduction in registered capital.

Repurchase of Shares

The Company may not acquire shares in the Company. However, except in one of the following conditions:

(1) reduction of the Company's registered capital;

(2) merging with other companies that hold shares of the Company;

(3) using the shares for employee stock ownership plans or equity incentives;

(4) shareholders dissent from the company's merger or division resolution made by the general meeting of shareholders and require the company to acquire their shares;

(5) use of shares to convert corporate bonds issued by listed companies;

(6) when it is necessary for listed companies to maintain the company's value and shareholders' rights.

Any acquisition of the Company's shares by the Company under the circumstances set forth in conditions (1) and (2) of the preceding paragraph shall be resolved by the shareholders in general meeting; any acquisition of the Company's shares by the Company under the circumstances set forth in conditions (3), (5), and (6) of the preceding paragraph may be resolved by the Board of Directors at a meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association of the Company or the authorisation of the shareholders in general meeting.

After a company acquires shares of the Company in accordance with the provisions of paragraph 1 of this Article, in the case of condition (1), the shares shall be cancelled within ten days from the date of acquisition; in the case of conditions (2) and (4), the shares shall be transferred or cancelled within six months. In the case of conditions (3), (5) and (6), the number of shares of the Company held by the Company in the aggregate shall not exceed ten percent of the total number of issued shares of the Company, and shall be transferred or cancelled within three years.

Where a listed company acquires shares of the Company, it shall fulfil its information disclosure obligations. The acquisition of the Company's shares by a listed company under the circumstances stipulated in items (3), (5) and (6) shall be carried out through open and centralised trading.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations. According to the PRC Company Law, a shareholder may transfer his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Stocks may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any otherwise stipulated legal provisions on the registration of changes in the share register of listed companies.

According to the PRC Company Law, Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Where any laws, administrative regulations, or the securities regulatory authority under the State Council have other provisions regarding the transfer of shares of a listed company by its shareholders or actual controllers, those provisions shall prevail. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the Articles Guidelines, the rights of holders of ordinary shares of a joint stock limited company include the rights:

(1) to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting rights;

(2) to transfer the shares according to the laws and administrative regulations and the articles of association;

(3) to inspect the articles of association, shareholder register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports and to make suggestions or inquiries in respect of the company's operations;

(4) to petition the people's court to revoke any resolution passed at a shareholders' general meeting or a meeting of board of directors any contents of which is in violation of the articles of association;

(5) to receive dividends and other types of interest distributing in respect of the number of shares held;

(6) to receive residual properties of the company in proportion to their shareholdings upon the terminating or liquidation of the company; and

(7) any other shareholders' rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in laws, administrative regulations, regulatory documents and the articles of association.

Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory board;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

The shareholders' meeting may authorise the board of directors to make resolutions regarding the issuance of corporate bonds.

The general meeting of shareholders shall be held annually. Under any of the following circumstances, an extraordinary general meeting of shareholders shall be held within two months:

(1) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the articles of association of the company;

(2) the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;

(3) as requested by a shareholder holding, or shareholders holding in aggregate, more than 10% of the shares of the company;

(4) when deemed necessary by the board of directors;

(5) as suggested by the board of supervisors; or

(6) other matters required by the articles of association of the company.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman cannot or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman cannot or does not perform his/her duties, a director nominated by more than half of the directors shall preside over the meeting. Where the board of directors cannot or does not perform its duties to convene the shareholders' general meeting, the supervisory board shall convene and preside over such meeting in a timely manner. If the supervisory board fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 consecutive days or more may unilaterally convene and preside over a shareholders' general meeting.

In accordance with the PRC Company Law, a notice of shareholders' general meeting stating the date and venue thereof and the matters to be considered thereat shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Under the PRC Company Law, a single shareholder who holds, or several shareholders who jointly hold, 1% or more of the shares of the company may submit an interim proposal in writing to the board of directors 10 days before the general meeting is held. The board of directors shall, within two days upon receipt of the proposal, notify the other shareholders, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made.

The general meeting shall not make resolutions on matters that are not clearly listed in the notices given to the shareholders.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, except for shareholders of non-ordinary shares, save that shares held by the company are not entitled to any voting rights.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Minutes shall be prepared in respect of matters considered at the shareholders' general meeting, and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and proxy forms.

The Board of Directors

The board of directors of a company shall consist of three or more members, and may include employee representatives among them. In the case of a company with three hundred or more employees, except when a board of supervisors has been established including a number of employee representatives among its members as required by law, the company's board of directors shall include employee representatives among its members. An employee representative on the board of directors shall be elected by the company's employees through the employee representative assembly, employee assembly, or other forms of democratic elections. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors exercises the following powers:

(1) to convene a general meeting and submit a work report to such meeting;

(2) to implement the resolutions passed by shareholders in a general meeting;

(3) to decide on the operation plan and investment scheme of the Company;

(4) to prepare the profit distribution plan and loss recovery plan of the Company;

(5) to prepare the plan for the Company to increase or reduce its registered capital and plans of issuance of bonds of the Company;

(6) to formulate plans for merger, division, dissolution or change of the form of the Company;

(7) to decide on the establishment of the internal management organisations of the Company;

(8) to decide on the appointment or dismissal of the manager of the Company and his/her remuneration matters, and decide on the appointment or dismissal of the Company's deputy general manager, financial director and their remuneration matters based on the manager's nomination;

(9) to establish a basic management system of the Company; and

(10) to exercise any other authority stipulated in Articles of Association of the Company or granted by the shareholders' meeting.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation that his/her representative has. The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting.

If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association of the Company and decisions of general meetings, and the Company suffers material losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

Under the PRC Company Law, the following persons may not serve as a director of a company:

(i) a person who is unable or has limited ability to undertake any civil liabilities;

(ii) a person who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment was completed, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into in solvent 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 bankruptcy and liquidation of the company or enterprise;

(iv) Any former legal representative of a company or enterprise which has had its business licence revoked or been ordered to shut down due to any violation of the law, and where the individual was personally responsible for the situation, and three years have not elapsed since the date of revocation of business licence or shutdown order; and

(v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

A company may, as stipulated in its articles of association, establish an audit committee within the board of directors composed of directors to exercise the functions and powers prescribed for the board of supervisors by this Law, without establishing a board of supervisor or supervisor.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise the following powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated any laws, regulations, the articles of association or shareholders' resolutions;

(3) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors. The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorised by the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence.

Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors, supervisors and senior management are prohibited from:

(i) embezzling company property or misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) personally accepting commissions on transactions to which the company is a party;

(iv) unauthorised divulgence of confidential information of the company; and

(v) other acts in violation of their duty of loyalty to the company.

Income generated by directors, supervisors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for over 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory board violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company. Such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

Finance and Accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. If losses are caused to the company, shareholder(s) and responsible directors, supervisors and senior management shall be liable for compensation. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium received from the issuance of shares by the company at a price exceeding the face value of the stocks, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items stipulated by the finance authority under the State Council to be included in the capital reserve, shall be included in the capital reserve. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. When using a company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

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' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dividend

In certain circumstances, the company is entitled to deduct in advance from any dividends or other distributions payable to the shareholders and to pay to the relevant tax authorities any tax payable under the laws of the PRC. Under Hong Kong law, the statute of limitations for the recovery of debts (including the recovery of dividends) is six years, while under the PRC law the statute of limitations is three years. The company shall not exercise its right to forfeit any unclaimed dividends on the shares until the applicable statute of limitations has expired.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' general meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business licence of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of the company, on the grounds that the operations and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In cases where a company falls under the circumstances specified in subparagraph (1) or (2) above and has not yet distributed its assets to shareholders, it may continue its existence by amending its articles of association or by resolution of the shareholders' meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court and request the court to appoint relevant personnel to form a liquidation committee to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise the following powers during the liquidation:

(1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with the company's outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to allocate the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures. The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall, in making his claim, state all matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to the shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before settlements are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people' s court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to perform their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

According to the Trial Measures, if an issuer makes an initial public offering or listing abroad, the issuer shall file the application for listing with the CSRC within three business days after submitting the application for listing to the competent authorities of the foreign country.

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare their respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, demand the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors in respect of the settlement of debts, the liabilities of the company which have accrued prior to such division shall be jointly borne by the separated companies.

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange.

SHARES

All the shares issued by the Company are ordinary shares.

Shares issued by the Company are denominated in RMB with a nominal value of RMB1 per share.

The Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual subscribing for the Shares shall pay the same price for each Share.

Increase, Reduction and Repurchase of Shares

Increase of Capital

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to respective resolution of the general meeting, by any of the following methods:

(1) a public offering of shares;

(2) a private placement of shares;

(3) allotment of bonus shares to existing shareholders;

(4) conversion of reserve funds to share capital;

(5) other methods stipulated by laws, regulations, departmental rules and relevant regulatory documents.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law, the Listing Rules and other relevant regulations, as well as the procedures stipulated in the Articles of Association.

Repurchase of Shares

The Company shall not acquired the Shares of the Company with one of the following exceptions:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies that hold shares in the Company;

(3) to use the shares for employee shareholding schemes or as share incentives;

(4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

(5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company; or

(6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

Transfer of Shares

Shares of the Company can be transferred legally.

The Company shall not accept Shares of the Company as the subject of pledges.

SHAREHOLDERS AND GENERAL MEETING

The Company shall, on the basis of the certificates provided by the securities registration authority, establish a register of members, which is a sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class of shares he/she holds; shareholders holding the same class of shares shall have the same rights and assume the same obligations.

When the Company intends to convene a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholders' identity, the Board of Directors or the convenor of a general meeting shall determine an equity record date, and shareholders registered on the register of members after the close of market on such date shall be the shareholders entitled to the relevant rights and interests.

Shareholders of the Company shall enjoy the following rights:

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to apply legally for, convene, preside, attend or appoint shareholders' proxies to attend general meetings and to exercise the corresponding right of speak and right to vote (except in cases where the shareholder is required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's shares are listed);

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's operations;

(4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(5) the right to inspect the Articles of Association, the register of members, corporate bond stubs of the Company, the minutes of general meetings, resolutions of the meeting of the Board of Directors and resolutions of meeting of the Board of Supervisors, and financial and accounting report;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase their shares;

(8) such other rights conferred by laws, administrative regulations, department rules, or the Articles of Association.

The Hong Kong branch of the register of shareholders must be available for inspection by shareholders, but the Company can be allowed to suspend the shareholders registration in accordance with the terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). That is, after giving notice by the Company, the register, or that part of the register relating to the holding of any shareholder, can be closed for one or more periods, but the total period of closure shall not exceed 30 days within any one year.

Shareholders of the Company shall have the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to return shares unless prescribed otherwise in laws and regulations;

(4) 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 harm the interests of the Company's creditors;

(5) to assume other obligations required by laws, administrative regulations, and the Articles of Association.

General Rules for the General Meeting

The general meeting is the organ of the authority of the Company and shall exercise the following functions and powers:

(1) to decide on the operating policies and investment plans of the Company;

(2) to elect and replace directors and supervisors who are not employee representatives; and to decide on matters relating to their remuneration;

(3) to review and approve reports of the Board of Directors;

(4) to review and approve reports of the Board of Supervisors;

(5) to review and approve the annual financial budgets and final accounts of the Company;

(6) to review and approve the profit distribution plans and loss recovery plans of the Company;

(7) to adopt resolutions on increasing or reducing the registered capital by the Company;

(8) to adopt resolutions on the issuance of bonds of the Company;

(9) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(10) to amend the Articles of Association;

(11) to adopt resolutions on the engagement or dismissal, or discontinuation of the engagement of accounting firms by the Company and to determine the remuneration of the accounting firm;

(12) to review and approve the guarantees stipulated in Article 43;

(13) to review and approve the purchase or the sale of major assets by the Company within one year, and the amount of which exceeds 30% of the latest audited total assets of the Company;

(14) to review and approve matters relating to the modification of use of raised fund;

(15) to review the share incentives schemes and employee shareholding schemes;

(16) to review other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, department rules, requirements of the listing rules of the stock exchange where the Company's shares are listed, the Listing Rules and the Articles of Association.

Proposals and Notices of General Meetings

The contents of proposals shall fall within the authority of general meetings, have definite topics and specific matters to resolve, and conform to the Laws, administrative regulations and Articles of Association.

Whenever the Company convenes a general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding no less than 3% of the shares of the Company shall be entitled to put forward proposals to the Company.

A shareholder alone or shareholders jointly holding no less than 3% of the shares of the Company may submit interim proposals in writing to the convenor ten days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting within two days after receipt of the motion, with such interim proposals announced. The content of such interim proposals shall be within the scope of approval of a shareholders' general meeting, and contains specific subjects and concrete matters for approval.

The convener shall notify all shareholders by way of announcement 21 days before the annual general meeting and shall notify all shareholders by way of announcement 15 days before the extraordinary general meeting. The notification should include the matters to be considered at the meeting and the date and location of the meeting. The date of the meeting shall not be included in the aforesaid period. For the notice given in this Article, the date of issue is the date on which the Company or the share registrar engaged by the Company has served the notice to the postal service.

Notice of the general meeting shall include the following:

(1) the time, venue and duration of the meeting;

(2) subject matters and proposals submitted for consideration and approval on the meeting; Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

(3) contain the full text of any special resolution to be proposed for adoption at the meeting;

(4) specify delivery time and place of the power of attorney for proxy voting at the meeting;

(5) particulars shall be in clear text that all ordinary shareholders are entitled to attend general meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

(6) shareholders are entitled to present on the equity determination date of general meetings;

(7) the record date, the name and telephone number of the convener of the meeting and the permanent contact person of the meeting, of which, the interval between the record date and the meeting date shall not exceed seven (7) trading days, and shall be later than the disclosure time of the announcement; there shall be at least two (2) trading days between the record date of the shareholders' general meeting and the start date of online voting; once the record date is determined, it cannot be changed; the notice of the shareholders' general meeting shall fully and completely disclose the specific content of all proposals, as well as all information and explanations necessary to enable shareholders to make reasonable judgements on the proposed matters;

(8) specify the voting time and voting procedure of online voting or other means if the shareholders' general meeting is held online or other means.

Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights.

Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Where any shareholder shall abstain from voting or be restricted to only vote in favour of or only vote against any individual resolution by applicable laws, regulations and the listing rules of the stock exchange on which the Company' shares are listed, the shareholders' (or their proxies') votes in violation of such requirements or restrictions shall not be counted within the voting results. Decisions of the general meeting on any of the following matters shall be adopted by ordinary resolution:

(1) working reports of the board of directors and the supervisory committee;

(2) the profit distribution plans and loss recovery plans of the Company prepared by the board of directors;

(3) appointment or dismissal of the members of the Board of Directors and the Supervisory Committee, their remunerations and the method of payment thereof;

(4) the Company' s annual financial budget plan and final account report, the balance sheets, income statements and other financial statements;

(5) annual report of the Company;

(6) appointment and dismissal of accounting firms that provides regular audit services to the Company and the remuneration of the accounting firm engaged;

(7) issuance of bonds or other securities;

(8) deliberation and approval of the guarantees stipulated in Article 39 of the Articles of Association and related transactions stipulated in Article 40;

(9) Matters other than those that should be passed by a special resolution according to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

(1) The Company increases or decreases its registered capital and issues any kind of stocks, warrants and other similar securities;

(2) Division, merger, dissolution and liquidation of the Company or change of corporate form of the Company;

(3) To amend the Articles of Association;

(4) The Company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the Company's most recent audited total assets;

(5) Equity incentive plan;

(6) Matters that should be passed by a special resolution according to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and/or the Articles of Association, and other matters that need to be passed by special resolutions that are determined by the general resolution of the general meeting of shareholders to have a significant impact on the Company.

At any time when the shares of the Company comprise of shares of different classes, a special resolution of the Company's shareholders of the class to which the rights are attached shall be required to approve a change to those rights.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting of shareholders. Subject to compliance with the relevant provisions of laws and administrative regulations, the general meeting of shareholders may remove any director whose tenure has not expired by ordinary resolutions (without prejudice to any claim which might be put forward in accordance with any contract). The term of office of a director shall be three years, and he/she may serve consecutive terms if re-elected upon the expiration of his/her term of office. The term of office of a director is three years, subject to the circumstance as set out in the second provision of this article. However, if an independent non-executive director has served for a term of more than nine years, it shall continue in office after performing the relevant deliberation procedures in accordance with the requirements of the listing rules in the place where the Company's shares are listed.

Directors shall be elected or replaced at the general meeting and may be removed from office before the expiration of the term of office by a general meeting. Each director shall serve a term of three years, except for the circumstances specified in paragraph 2 of this article.

Upon expiry of a director, a director shall be eligible for re-election and re-appointment. The term of office of a director shall commence on the date of taking office and end on the expiration of the term of the current session of the Board. If a director is not re-elected in a timely manner upon the expiration of his term of office, the former director shall perform his duties as a director in accordance with the provisions of the laws, administrative regulations, departmental rules and the Articles of Association before the re-elected director takes office.

The directors may be held concurrently by the manager or other senior management members, but the total number of directors who concurrently hold the positions of manager or other senior management and the directors who are serving as employee representatives shall not exceed one-half of the total number of directors of the Company.

Without violation of relevant laws, administrative regulations and the regulatory rules in the place where the Company's shares are listed, any director appointed by the board of directors to fill a casual vacancy to the board of directors shall hold its office until the first general meeting after accepting the appointment, and shall then be eligible for re-election.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to the Company:

(1) shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of the Company;

(2) shall not misappropriate the Company's funds;

(3) shall not open an account for depositing the Company's assets or funds in its own name or in the name of another individual;

(4) shall not violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees for others with the Company's property without the consent of a general meeting or the Board of Directors;

(5) shall not enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of a general meeting;

(6) without the consent of a general meeting, he/she shall not take advantage of his position to seek business opportunities for himself or others that should belong to the Company, or to operate the same kind of business as that of the Company for himself or for others;

(7) shall not accept commissions as theirs' from transactions conducted with the Company;

(8) shall not disclose the Company's secrets without authorisation;

(9) shall not make use of the affiliated relationship to prejudice the interests of the Company;

(10) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by a director from violation of the provisions of the article shall belong to the Company; for any resulting loss to the Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to the Company:

(1) act honestly and in good faith in the interests of the Company as a whole;

(2) act for proper purpose;

(3) be accountable to the listed issuer for the application or misapplication of its assets;

(4) avoid actual and potential conflicts of interest and conflicts in duty;

(5) disclose fully and fairly his interests in contracts with the listed issuer;

(6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office as a Director of the listed issuer;

(7) the Company shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business licence;

(8) all shareholders shall be treated fairly;

(9) keep abreast of the Company's business operation and management;

(10) a written confirmation of the Company's periodic reports shall be signed to ensure that the information disclosed by the Company is true, accurate and complete;

(11) the Board of Supervisors shall truthfully provide relevant information and materials to the Board of Supervisors, and shall not hinder the Board of Supervisors or the Supervisors from exercising their powers;

(12) other diligence obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Board of Directors

The Company shall set up a board of directors, which is accountable to the general meetings.

The Board of Directors shall consist of six directors, including one chairman.

The Board of Directors exercise the following functions and powers:

(1) to convene general meetings and report to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans on making up losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

(7) to formulate plans for the Company's major acquisition and disposal, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorisation by the general meeting;

(9) to decide on establishment of internal management organs of the Company;

(10) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and to decide on matters over the remunerations and rewards and punishments thereof; and to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management as well as their remunerations and rewards and punishments according to the nomination of the general manager;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals to amend the Articles of Association;

(13) to manage the disclosure of the Company's information;

(14) to propose to the general meeting the appointment or replacement of the accounting firm that audits for the Company;

(15) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company;

(16) to consider and approve (1) share transactions with all percentage ratios of less than 5% and the consideration including shares to be issued for listing (including one-off transactions and a series of transactions that require a combined calculation of the percentage ratios); (2) disclosable transactions with all percentage ratios of 5% or more but less than 25% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios); and (3) partially exempt connected transactions and non-exempt connected transactions with all percentage ratios (except profits ratio) of higher than 0.1% but lower than 5% (including one-off transactions and a series of transactions that require the combined calculation of the percentage ratios), calculated in accordance with the percentage ratio requirements of Rule 14.07 of the Listing Rules;

(17) determining the major matters and administrative affairs other than those which shall be resolved by the shareholders' general meeting of the Company as required by laws, administrative regulations, departmental rules, the Articles of Association and listing rules of the exchange in place in which the shares of the Company are listed, and entering into other important agreements;

(18) any other functions and powers accorded by laws, administrative regulations, departmental rules or the Articles of Association.

The Board of Directors shall establish the Audit Committee and may establish the Nomination Committee, the Remuneration and Appraisal Committee, and other relevant special committees as needed.

Matters beyond the scope authorised by the general meeting shall be submitted to the general meeting for consideration and review.

Meetings of the board of directors may be held only if more than one half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all directors.

Vote on Board of Directors resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he/she shall not exercise his/her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager, who shall be appointed or dismissed by the Board of Directors.

The general manager, deputy general manager, financial officer and secretary to the Board of Directors are senior management members of the Company.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(2) to organise the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management organisation;

(4) to draft the Company's basic management system;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors appointment or dismissal of deputy general manager and chief financial officer of the Company;

(7) to appoint or dismiss responsible management personnel other than those required to be appointed or dismissed by the Board of Directors;

(8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall be present at the meetings of the Board of Directors.

The Company shall have one Chief Financial Officer who shall be appointed or dismissed by the Board of Directors upon recommendation by the general manager.

The Chief Financial Officer is in charge of the Company's financial affairs and manages and monitors the Company's financial activities.

The Chief Financial Officer shall abide by the laws, administrative regulations, departmental rules and the Articles of Association.

The Company shall have one secretary to the Board of Directors who shall be appointed or dismissed by the Board of Directors.

The primary responsibilities of the secretary to the Board of Directors include preparing general meetings and board meetings of the Company, maintaining documents and managing shareholder information of the Company, and handling the information disclosure.

The secretary to the Board of Directors shall abide by the laws, administrative regulations, departmental rules and the Articles of Association.

BOARD OF SUPERVISORS

The Company shall establish a Board of Supervisors. The Board of Supervisors is responsible to all shareholders.

The Board of Supervisors shall consist of three supervisors, including one employee representative supervisors.

The Board of Supervisors shall compose of shareholders' representatives supervisors and employee representatives supervisors. The shareholders' representatives supervisors shall be elected and removed by the general meeting, and the employee representatives supervisors shall be no less than one third of the membership, and democratically elected and removed by the Company's employees.

The Board of Supervisors shall exercise the following functions and powers:

(1) to review and give written opinions on the Company's periodic reports prepared by the Board of Directors;

(2) to examine the Company's financial matters;

(3) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(4) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(5) to propose the convening of extraordinary general meetings and to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings as stipulated in the Company Law;

(6) to submit proposals to the general meetings;

(7) to file lawsuits against directors and senior management on behalf of the Company in accordance with Article 151 of the Company Law;

(8) in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations and requirements of relevant PRC authorities. The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

Profit Distribution

(1) Principles of profit distribution

The Company implements an active profit distribution policy, which focuses on investors' reasonable investment return while maintaining sustainable development of the Company. Profit distribution policy should maintain continuity and stability. The Company may distribute profits in cash, shares or a combination of cash and shares, but the profit distribution shall not exceed the range of the accumulated distributable profits or damage the Company's ability to continue operations.

(2) Decision-making procedures and mechanisms for profit distribution

1. The annual profit distribution proposal of the Company shall be put forth by the Board in accordance with the Company's profitability, capital supple and demand situation, When the Board of Directors considers a specific plan of cash dividend distribution, the Board of Directors shall carefully study and demonstrate, among other things, the timing, conditions and minimum proportion, adjustment conditions and decision-making procedure requirements for the cash dividend distribution, and the independent directors shall review the profit distribution plan and express clear opinions, and submit it to the shareholders' general meeting for review after the approval of the Board of Directors.

2. Where the Board of Directors of the Company proposes a plan not to implement profit distribution or implement a profit distribution plan that does not include cash distribution, the Board of Directors shall disclose in regular reports the reasons for not implementing profit distribution or implementing a profit distribution plan that does not include cash distribution, and independent directors should express independent opinions on such matters. The Company's undistributed profits for the relevant year shall be used to meet the Company's normal production operations and long-term development needs.

(3) Policies of profit distribution of the Company

1. Profit distribution principles: the Company implements an active profit distribution policy, which focuses on investors' reasonable investment return while maintaining sustainable development of the Company. Profit distribution policy should maintain continuity and stability.

2. Form of the profit distribution: the Company may distribute profits in cash, shares or a combination of cash and shares, and may pay cash dividends where the conditions for cash dividends are met.

3. Dividend distribution cycle: in principle, the Company should distribute profits at least once a year. The Board of Directors of the Company may propose the Company's mid-term profit distribution and special profit distribution based on the Company's profit and capital needs and submit it to the shareholders' general meeting of the Company for approval.

4. Conditions for cash dividends: the Company made profits in the previous fiscal year, and the accumulated distributable profits are positive. If the capital needs of the Company for normal production and operations are met, the Company should distribute cash dividends.

If stock dividends are used for profit distribution, the Board of Directors of the Company needs to explain the reasonable factors for using stock dividends for profit distribution.

(4) The profit distribution policy of the Company shall remain consistent and stable. If the Company needs to adjust its profit distribution policy due to significant changes in external operating environment or its own operation, for the purpose of protecting the interests of the shareholders, and it shall be studied and proved by the board of directors and the supervisory committee of the Company and propose a proposal at the general meeting that discuss and explain the reasons in details by combing industry competition, financial condition of the Company, capital requirements and planning of the Company, etc. The proposal of adjusting profit distribution policy shall be proposed to the general meeting of the Company for consideration after consideration at the board of directors of the Company and review by the supervisory committee, and independent directors shall express opinions in this regard. The adjusted profit distribution policy shall not contravene the relevant requirements under the CSRC and the stock exchanges where the Company are listed.

(5) If capital funds of the Company have been utilised by shareholders in violation of regulations, the Company should deduct the dividends payable to such shareholders to recover the utilised funds.

Internal Auditing

The Company implements an internal audit system and is equipped with full-time auditors to conduct internal audit supervision on the Company's financial revenue and expenditures and economic activities.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger and Division of the Company

In a merger of companies, the Company shall execute a merger agreement and prepare the balance sheet and property list. The Company shall notify their creditors within ten days of adopting merger resolutions, and shall publish announcements in an information disclosure newspaper designated by the Company and recognised by the stock exchange where the Company's stocks are listed within 30 days. Creditors shall be entitled to claim full repayment of all debts owed by the Company or require that appropriate assurances to be provided within 30 days of receiving the notice, or within 45 days of publication of the announcement if any such creditor does not receive the notice.

If the company is to be divided, its assets shall be divided accordingly.

In a division of the company, a balance sheet and a property list shall be prepared. The Company shall notify its creditors within ten days of the date on which the division resolution is adopted, and shall publish announcements in an information disclosure newspaper designated by the Company within 30 days.

Dissolution and Liquidation of the Company

The Company shall be dissolved and conduct liquidation in accordance with the law under any of the following circumstances:

(1) the term of business operation expires as specified by the Articles of Association or other matters leading to dissolution occur as specified by the Articles of Association;

(2) the general meeting resolves to dissolve;

(3) dissolution is necessary as a result of the merger or division of the Company;

(4) the Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;

(5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this prospectus received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the property interest of the property as at 30 April 2025.

Peak Vision
Appraisals Limited

Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

30 May 2025

The Board of Directors
Rongta Technology (Xiamen) Group Co., Ltd.
Rongda Science and Technology Park
No. 88 Tonghui South Road
Tong'an District
Xiamen, Fujian Province
the People's Republic of China

Dear Sirs,

Re: Property interest of an industrial complex located at No. 88, Tonghui South Road, Tong'an District, Xiamen City, Fujian Province, the People's Republic of China

In accordance with the instruction from Rongta Technology (Xiamen) Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") for us to value the property interest of the property located in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 30 April 2025 (the "**Valuation Date**") for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

According to the legal opinion of the property prepared by Tenet & Partners, the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), the property is under seizure by court and also subject to the restrictions stipulated in the Grant Contract of State-owned Construction Land Use Rights (《國有建設用地使用權出讓合同》), and hence there are legal obstacles to transfer the property. Therefore, we have attributed no commercial value as at the Valuation Date to the property due to the seizure by court and the restrictions on the transferability. For details of the legal obstacles, please refer to notes (iii)(k) and (iv)(c)(d)(e) of the property valuation report below.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Group with copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by the PRC Legal Adviser, regarding the title to the property.

The property was inspected during January 2025 by Mr. Nick C. L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreements, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the "**HKIS**"), the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the "**RICS**") and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Group during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP),
RICS Registered Valuer, MCIREA
Director

Chern Sung Lee
CFA, CPA, MRICS, RICS Registered Valuer
Director

Notes:

(1) Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.

(2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2025
An industrial complex located at No. 88, Tonghui South Road, Tong'an District, Xiamen City, Fujian Province, the PRC	The property comprises an industrial complex, erected on an irregular shaped parcel of land (lot no. T2019G07-G) with a registered site area of approximately 18,801.24 sq.m. It is bounded by Chiping Road, Tonghui South Road and Jilong Road within Tong'an District, Xiamen City. The buildings of the industrial complex include 5 blocks of 1 to 12-storey buildings (including 1-storey basement) used as guard room, factory building and complex building having a total gross floor area of approximately 57,917.62 sq.m. (including basement area), all completed in about 2022. Details of the gross floor area breakdown are set out in Note (ii) below. The land use rights of the property have been granted for a term expiring on 31 December 2069 for industrial use.	As advised by the Group, as at the Valuation Date, portion of level 2 of the building no.2 and the whole of building no.3 of the property with a total gross floor area of approximately 23,642.45 sq.m. were subject to various tenancies yielding a total monthly rental of RMB440,107 inclusive of tax and management fee with the latest tenancy expiring on 31 October 2028. The remaining portion of the property was either vacant or owner-occupied.	No commercial value *(See Notes (iv) and (v) below)*

Notes:

(i) Pursuant to the Real Estate Title Certificate No. Min (2020) Xiamen Shi Bu Dong Chan Quan Di 0012595 issued by Xiamen City Natural Resources and Planning Bureau (the "**Bureau**") dated 26 March 2020, the land use rights of the property have been granted to Rongta Technology (Xiamen) Group Co., Ltd. ("**Rongta (Xiamen)**") with a registered site area of approximately 18,801.24 sq.m. for a term expiring on 31 December 2069 for industrial use. (Remark: If the land use rights are to be transferred, mortgaged or leased, they must be executed in accordance with the relevant conditions stated in the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053.) *(See Note (iii) (k) below)*

(ii) Pursuant to 5 Real Estate Title Certificates issued by the Bureau all dated 24 April 2022, the building ownership of the property, having a total gross floor area of approximately 57,917.62 sq.m. (including basement area), are vested in Rongta (Xiamen) and the land use rights of the property, having a registered site area of approximately 18,801.24 sq.m. have been granted for a term expiring on 31 December 2069 for industrial use. (Remark: If the land use rights are to be transferred, mortgaged or leased, they must be executed in accordance with the relevant conditions stated in the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053.) *(See Note (iii) (k) below)* Details of the certificates are summarised as follows:

Certificate No.	**Building**	**No. of Storey**	**Approximate Gross Floor Area** *(sq.m.)*
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031751	Guard room	1	19.50
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031761	Guard room	1	8.43
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031769	Factory building (Building No. 2)	8	22,534.31
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031776	Factory building (Building No. 3)	8	22,524.45
Min (2022) Xiamen Shi Bu Dong Chan Quan Di 0031807	Complex building	12 (including 1-storey basement)	12,830.93
		Total:	57,917.62

(iii) Pursuant to the Grant Contract of State-owned Construction Land Use Rights No. 35021220191231CG053 (the "**Grant Contract**") entered into between the Bureau and Rongta (Xiamen) on 31 December 2019, the Bureau agreed to grant the land use rights of the property to Rongta (Xiamen). The salient conditions stipulated in the said contract are summarised as follows:

(a)	Lot no.	:	T2019G07-G
(b)	Site area	:	18,801.221 sq.m.
(c)	Location	:	Northeastern side of the intersection between Jilong Road and Tonghui South Road, Industrial Concentration Zone, Tong'an District
(d)	Land use	:	industrial use
(e)	Land use term	:	50 years
(f)	Land grant consideration	:	RMB8,050,000
(g)	Plot ratio	:	not less than 45,100 sq.m and not exceeding 56,400 sq.m.
(h)	Site coverage	:	not less than 40%
(i)	Greenery ratio	:	not more than 20%

(j)	Construction period	:	construction work to be commenced before 30 September 2020 and completed before 30 September 2022
(k)	Restrictions	:	In accordance with Article 23 of the Grant Contract, Rongta (Xiamen) is required to hold the property as a unified whole upon receiving the Real Estate Title Certificates and is prohibited from transfer and subdivide the property for mortgage. In the event that Rongta (Xiamen) is unable to sustain operation due to bad management or mortgage the whole property, liquidate, or vacate from the property so have to transfer the State-owned Land Use Rights, or Rongta (Xiamen) is unable to complete the rectification of underutilised land, the property shall be repurchased by the People's Government of Tong'an District, Xiamen City. The repurchase price of the land use rights of the property shall be determined in accordance with the original transfer price and the remaining term of the land use rights. The repurchase price of the buildings of the property shall be determined by the depreciated replacement cost method.

(iv) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, inter alia, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

(a) The state-owned land use rights and building ownership of the property are legally held by Rongta (Xiamen). Rongta (Xiamen) is entitled to use the property in accordance with its designated legal usage purpose;

(b) The property is subject to mortgage in favour of Agricultural Bank of China Xiamen Financial Centre Sub-branch and Industrial Bank Xiamen Branch and seizure related restrictions;

(c) The transfer of the property which is under seizure, the imposition of encumbrances, or any other acts of Rongta (Xiamen) is not exercisable against the applicant for the enforcement. If Rongta (Xiamen) disposes the property which is under seizure, detention or frozen without authorisation, the court reserves the right to order the responsible party to recover the property or liable for the corresponding compensation liability within a specific period;

(d) The preservation measure involving the property is a remedy applied either before or during judicial proceedings to secure assets, and it does not prejudge the final outcome of the case. Even if legal proceedings are initiated, they will entail a protracted litigation process. Based on practical judicial experience, courts may require at least 12 months to render an enforceable judgment.

(e) In addition to the aforementioned restrictions/constraints, the transfer of the property by Rongta (Xiamen) is subject to the relevant restrictions stipulated in Article 23 of the Grant Contract.

(v) According to the legal opinion prepared by the PRC Legal Adviser, as at the Valuation Date, the property was under seizure by court and also subject to the restrictions stipulated on the Grant Contract, and hence there are legal obstacles to transfer the property. Therefore, we have attributed no commercial value as at the Valuation Date to the property due to the seizure by court and the restrictions on the transferability.

We were also instructed by the Group to conduct valuation of the property based on the special assumption assuming that the property was not under seizure by court and shall be repurchased by the People's Government of Tong'an District, Xiamen City as at the Valuation Date. The repurchase price of the land use rights of the property shall be determined in accordance with the original transfer price and the remaining term of the land use rights and the repurchase price of the buildings of the property shall be assessed by the depreciated replacement cost ("**DRC**") method as stipulated in the Grant Contract. The DRC method is based on an estimate of the costs to reproduce or replace in new condition the buildings being valued in accordance with current construction costs for similar buildings in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. Based on the valuation method employed and on the special assumption adopted, we are of the opinion that the repurchase price of the property as at the Valuation Date was in the sum of RMB143,880,000.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company, formerly known as Xiamen Rongda Hezhong Electronic Technology Co., Ltd* (廈門容大合眾電子科技有限公司), was established in the PRC on 20 December 2010. On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed to Rongta Technology (Xiamen) Group Co., Ltd. (容大合眾(廈門)科技集團股份公司). Our registered office is located at Rongda Science and Technology Park, No.88 Tonghui South Road, Tong'an District, Xiamen, Fujian Province, the PRC.

Our Company has established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 19 March 2024. Our Company has appointed Ms. Kwok Yin Ting and Ms. Siow Yuet Chew Grace as its authorised representatives under the Companies Ordinance for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company is incorporated in the PRC, we are subject to relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendices IV and V to this prospectus.

2. Changes in the registered share capital of our Company

Our Company was established as a limited liability company in the PRC on 20 December 2010 with an initial registered capital of RMB1 million. On 28 October 2019, our Company was converted from a limited liability company into a joint stock company with limited liability. Upon completion of such conversion, the registered capital of our Company was RMB30,000,000 divided into 30,000,000 Shares with a nominal value of RMB1.00 each.

The following sets out the changes in the share capital of our Company within the two years immediately preceding the date of this prospectus:

On 15 June 2023, our registered capital was increased from RMB32,732,800 to RMB80,000,000 divided into 80,000,000 Shares.

On 14 March 2024, our registered capital was reduced to RMB76,333,000 divided into 76,333,000 Shares.

Upon the completion of the Global Offering, the issued share capital of our Company will be increased to RMB94,733,000, made up of 94,733,000 H Shares with a nominal value of RMB1.00 each fully paid up or credited as fully paid up.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

3. Shareholders' Resolutions of our Company

Pursuant to the general meetings held on 10 April 2024 and 26 May 2025, the following resolutions, among others, were duly passed by our Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.0 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not be more than 25,450,000 H Shares 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 the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on Listing Date;

(d) upon completion of the Listing, the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares (including any sales or transfer of the treasury Shares out of treasury) in issue as at the Listing Date;

(e) subject to the completion of the Global Offering, the granting of a general mandate to the Board to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued Shares (excluding any treasury Shares) as at the date of the resolution granting the general mandate; and

(f) authorisation of the Board and its authorised persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares on the Stock Exchange.

4. Changes in the registered capital of our subsidiaries

The list of our principal subsidiaries is set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, there has been no alteration in the share capital of any of our principal subsidiaries within the two years immediately preceding the date of this prospectus.

5. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to the sections headed "Appendix III – Taxation and Foreign Exchange" and "Appendix V – Summary of Articles of Association" in this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. 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, which are or may be material:

(a) Deed of Indemnity;

(b) Hong Kong Underwriting Agreement;

(c) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Hongkong Linktech Technology Co., Limited ("**Hongkong Linktech**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Hongkong Linktech agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$10,000,000 (excluding brokerage and levies);

(d) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Cao Ke, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Cao Ke agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$5,000,000 (excluding brokerage and levies);

(e) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Lin Xiaojian, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Lin Xiaojian agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$20,000,000 (excluding brokerage and levies);

(f) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Sinos Group Limited ("**Sinos Group**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Sinos Group agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$10,000,000 (excluding brokerage and levies);

(g) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Li Shuhan, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Li Shuhan agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$2,000,000 (excluding brokerage and levies);

(h) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Main Achieve Holdings Limited ("**Main Achieve**"), Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Main Achieve agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$30,000,000 (excluding brokerage and levies); and

(i) a cornerstone investment agreement dated 27 May 2025 entered into between our Company, Ng Chi Fat, Yue Xiu Capital Limited and Yue Xiu Securities Company Limited, pursuant to which Ng Chi Fat agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$3,300,000 (excluding brokerage and levies).

2. Our Material Intellectual Property Rights

(a) Registered Trademark

(i) As at the Latest Practicable Date, we have registered the following trademarks in the PRC, which we consider to be material to our business:

No.	Trademark	Place of Registration	Trademark Number	Registered owner	Class	Registered Date	Validity Period *(Number of years)*
1	RONGTA	China	53691600	Our Company	10	2021/12/21	10
2	RONGTA	China	21737753	Our Company	42	2018/02/07	10

No.	Trademark	Place of Registration	Trademark Number	Registered owner	Class	Registered Date	Validity Period *(Number of years)*
3	RONGTA容大	China	21739366	Our Company	42	2018/02/07	10
4	RONGTA容大	China	21738301	Our Company	9	2018/02/14	10
5	RT RONGTA	China	21740076	Our Company	42	2018/02/07	10
6	RONGTA	China	21735550	Our Company	9	2018/02/07	10
7	RONGTA容大	China	21738364	Our Company	9	2018/02/07	10
8	容大	China	21690441	Our Company	42	2018/04/07	10
9	容大	China	21689765	Our Company	9	2019/01/07	10
10	容大	China	21690131	Our Company	9	2018/02/07	10
11	RT RONGTA	China	18303441A	Our Company	9	2017/02/07	10
12	RT RONGTA	China	17231067	Our Company	42	2017/09/14	10
13	RONGTA	China	17228846	Our Company	9	2017/09/28	10
14	RT	China	17199880	Our Company	9	2016/10/28	10
15	容大	China	13066423	Our Company	9	2015/08/28	10
16	IMACHINE艾码讯	China	29202706	IMachine	9	2019/08/14	10
17	IMACHINE	China	29216370	IMachine	9	2019/05/14	10
18	艾码讯	China	29216343	IMachine	9	2019/04/21	10
19	艾码讯	China	29221071	IMachine	9	2019/06/28	10

(ii) As at the Latest Practicable Date, we had registered the following trademark in Hong Kong which we consider to be material to our business:

No.	Trademark	Place of Registration	Trademark Number	Registered Owner	Classes	Date of Registration	Validity Period *(Number of years)*
1		Hong Kong	306290604	Our Company	7, 9, 35, 42	2023/07/10	10

(b) Patents

As at the Latest Practicable Date, our Group had registered over 160 patents and we set out below the details of patents registered in the PRC which are material to our Group's business:

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
1	Portable printer (PN81) (便攜打印機(PN81))	Design patent	Our Company	ZL202330651114.2	2023/10/09	15
2	Industrial label printer (RP414) (工業標簽打印機(RP414))	Design patent	Our Company	ZL202330363280.2	2023/6/13	15
3	Receipt printer (H2) (票據打印機(H2))	Design patent	Our Company	ZL202330326457.1	2023/5/30	15
4	Smart data terminal (TK03) (智能數據終端 (TK03))	Design patent	Our Company	ZL202330235629.4	2023/4/25	15
5	A hidden sliding tablet stand and weighing device (一種隱藏式的滑動平板支架以及稱重裝置)	Utility model patent	Our Company	ZL202321414546.2	2023/06/06	10
6	Weighing equipment with electronic insect repelling device (一種內部帶有電子驅蟲裝置的衡器)	Utility model patent	Our Company	ZL202320195286.8	2023/2/13	10

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
7	Smart desktop computer monitor (A2) (智能台式顯示器(A2))	Design patent	Our Company	ZL202330037149.7	2023/2/7	15
8	Portable label printer (一種便攜式的標簽打印機)	Invention patent	Our Company	ZL202111639814.6	2021/12/29	20
9	Printer of adaptable ultra-low temperature (一種可適應超低溫的打印機)	Invention patent	Our Company	ZL202111603975.X	2021/12/24	20
10	Thermal printer structure for preventing curling of paper (一種紙卷反繞曲的熱敏打印機結構)	Utility model patent	Our Company	ZL202121886160.2	2021/8/12	10
11	Thermal printer (AP12) (熱敏打印機(AP12))	Design patent	Our Company	ZL202130276586.5	2021/5/10	10
12	Sprayer cooling mechanism of 3D printer (一種用於3D打印機噴頭散熱機構)	Invention patent	Our Company	ZL202110406179.0	2021/4/15	20
13	Novel thermal printer (一種新型的熱敏打印機)	Invention patent	Our Company	ZL202110136315.9	2021/2/1	20
14	Voice broadcast signal interference suppression circuit and interference suppression method (一種語音播報抑制信號干擾電路及抑制干擾方法)	Invention patent	Our Company	ZL202011579862.6	2020/12/28	20
15	Water-cooled thermal printer (一種水冷的熱敏打印機)	Invention patent	Our Company	ZL202011550736.8	2020/12/24	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
16	Thermosensitive printing structure and installation mode thereof (一種熱敏打印結構及其安裝方式)	Invention patent	Our Company	ZL202011547806.4	2020/12/24	20
17	Cutter assembly suitable for different thicknesses and using method thereof (一種適應不同厚度的切刀組件及其使用方法)	Invention patent	Our Company	ZL202011547834.6	2020/12/24	20
18	Printing paper shortage detection method, device, equipment and storage medium (一種解決打印機缺紙誤判的方法、裝置、設備及存儲介質)	Invention patent	Our Company	ZL202011527080.8	2020/12/22	20
19	Block chain based printer (一種基於區塊鏈的打印機)	Invention patent	Our Company	ZL202011273859.1	2020/11/14	20
20	Dot line compression method of thermal printer (一種熱敏打印機的點行壓縮方法)	Invention patent	Our Company	ZL202010104001.6	2020/2/20	20
21	Printer for high-humidity environment (一種用於高濕度環境的打印機)	Invention patent	Our Company	ZL201911338067.5	2019/12/23	20
22	Smart list printer of adjusting page-width of printing paper (一種智能調節紙寬的面單打印機)	Invention patent	Our Company	ZL201911338158.9	2019/12/23	20
23	Printer of adjusting page-width of printing paper automatically (一種紙寬自動調節的打印機)	Invention patent	Our Company	ZL201911243100.6	2019/12/6	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
24	Energy-saving and self-generating portable printer and use method thereof (一種節能自發電便攜打印機及其使用方法)	Invention patent	Our Company	ZL201910894757.2	2019/9/20	20
25	Novel printer structure (一種新型的打印機結構)	Invention patent	Our Company	ZL201910554686.1	2019/6/25	20
26	Method of barcode label printer to paper automatic identification (一種條碼標簽打印機對紙張自動識別的方法)	Invention patent	Our Company	ZL201910295020.9	2019/4/12	20
27	Electronic scale convenient for client operation (一種便於客戶端操作的電子秤)	Invention patent	Our Company	ZL201811346622.4	2018/11/13	20
28	Fast installation structure of electronic scale (一種用於電子秤的快速安裝結構)	Utility model patent	Our Company	ZL201821863621.2	2018/11/13	10
29	Improved cutter module with separate fixed knife and moving knife (一款定刀和動刀分離式改進型切刀模組)	Utility model patent	Our Company	ZL201820953107.1	2018/6/20	10
30	Cash register scale (RLS1515) (收銀秤(RLS1515))	Design patent	Our Company	ZL201730431266.6	2017/9/12	10
31	High-speed printer core compatible with three kinds of printing papers and dismounting is easy to maintain (一款可兼容三種打印紙且拆裝維護方便的高速打印機芯)	Invention patent	Our Company	ZL201710079075.7	2017/2/14	20

No.	Patent Name	Patent Type	Registered Owner	Patent Number	Application Date	Validity Period *(Number of years)*
32	High-power printer core with low development cost and dismounting is easy to maintain (一款開發成本低且拆裝維護方便的大馬力打印機芯)	Utility model patent	Our Company	ZL201720131891.3	2017/2/14	10
33	High-Speed printer core compatible with three kinds of printing papers (一款可兼容三種打印紙的高速打印機芯)	Utility model patent	Our Company	ZL201720131892.8	2017/2/14	10
34	Printer (thermal receipt RP80) (打印機(熱敏票據RP80))	Design patent	Our Company	ZL201730004776.5	2017/1/6	10
35	Detecting device of printer with dustproof function (一種具有防塵功能的打印機偵測裝置)	Utility model patent	Our Company	ZL201621055245.5	2016/9/14	10
36	Portable receipt printer (RPP320) (便攜式票據打印機(RPP320))	Design patent	Our Company	ZL201630303430.0	2016/7/5	10
37	Electronic list and receipt printer (RP410) (電子面單票據打印機(RP410))	Design patent	Our Company	ZL201630195641.7	2016/5/23	10
38	Waterproof structure of PDA machine body and PDA machine (一種PDA機身防水結構以及PDA機)	Utility model patent	IMachine	ZL202222418557.X	2022/09/13	10
39	Rotary mechanism of display screen (一種顯示屏旋轉機構)	Utility model patent	IMachine	ZL202222207007.3	2022/08/22	10

(c) Software copyrights

As at the Latest Practicable Date, our Group was the registered proprietor of the following software copyrights in the PRC which we consider to be material to our business:

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
1	SoPrint Document Printing System (iOS Version) [Abbreviation: SoPrint] V1.0 (SoPrint文檔打印系統(iOS版)[簡稱：SoPrint]V1.0)	Our Company	2024SR1940104	2024/11/29	31 December of the 50th year after first publication
2	SoPrint Document Printing System [Abbreviation: SoPrint] V1.0 (SoPrint文檔打印系統[簡稱：SoPrint]V1.0)	Our Company	2024SR1570978	2024/10/21	31 December of the 50th year after first publication
3	PDA Intelligent Handheld Terminal Scanner System (([abbreviation: Scanner System) V1.0]) (PDA智能手持終端掃描頭系統[簡稱：掃描頭系統] V1.0])	Our Company	2022SR1599025	2022/08/03	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
4	Touch AI Label Scale System (Android Version) ([abbreviation: i-Recognization System) V2.4.0]) 觸控AI標簽秤系統(Android版)[簡稱：i識系統]V2.4.0	Our Company	2022SR1347050	Unpublished *(Note)*	31 December of the 50th year after first publication
5	Embedded software system for OpenCPU solution receipt cloud printer based on 4G module [abbreviation: 4G Module OpenCPU Solution Cloud Printer] V1.0 (基於4G模組的OpenCPU方案小票雲打印機嵌入式軟件系統)[簡稱：4G模組OpenCPU方案雲打印機]V1.0	Our Company	2023SR1656360	Unpublished *(Note)*	31 December of the 50th year after first publication
6	Error printer system [abbreviation: Error printer] V1.0 (錯題打印機系統[簡稱：錯題打印機]V1.0)	Our Company	2022SR0920843	Unpublished *(Note)*	31 December of the 50th year after first publication
7	Label printer system [abbreviation: Label printer] V1.0 (標簽打印機系統[簡稱：標簽打印機]V1.0)	Our Company	2022SR0914822	Unpublished *(Note)*	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
8	Laidanbao System (Android Version) [abbreviation: Laidanbao] V1.1.2 (來單寶系統(Android版)[簡稱：來單寶] V1.1.2)	Our Company	2021SR0321651	2021/01/12	31 December of the 50th year after first publication
9	Rongta cloud tag system (IOS Version) [abbreviation: Rongta cloud tag] V1.7 (容大雲標簽系統(iOS版)[簡稱：容大雲標簽]V1.7)	Our Company	2021SR0325537	2020/01/13	31 December of the 50th year after first publication
10	RLS series barcode label scale equipment-end software V2.000 (RLS系列條碼標簽秤設備端軟件V2.000)	Our Company	2020SR1717161	2020/11/02	31 December of the 50th year after first publication
11	RLS series barcode label scale PC-end software V2.0 (RLS系列條碼標簽秤PC端軟件V2.0)	Our Company	2020SR1717350	2020/11/02	31 December of the 50th year after first publication
12	Rongta cloud tag system (Android Version) V1.0.0 (容大雲標簽系統(Android版)V1.0.0)	Our Company	2020SR0274871	2020/01/13	31 December of the 50th year after first publication

No.	Software	Registered Proprietor	Registration Number	First Publication Date	Validation Period
13	Rongta printing system RTPrinter System (IOS Version) V1.20 (容大打印系統 RTPrinter System(IOS 版)V1.20)	Our Company	2018SR890791	2018/5/11	31 December of the 50th year after first publication

Note: A registered software copyright of a legal entity or other organisation that remains unpublished will expire 50 years after its development completion date.

(d) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names in the PRC which we consider to be material to our business:

Domain name	Registered proprietor	Date of registration	Date of expiration
rongtatech.cn	Our Company	2015.02.12	2028.02.12
rongtatech.com	Our Company	2009.05.31	2026.05.31
xmrongta.com	Our Company	2017.10.16	2026.10.16
rongtayun.com	Our Company	2019.08.01	2026.08.01

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

1. Particulars of Directors' and Supervisors' Contracts

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws of regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors and Supervisors

For the three years ended 31 December 2024, our Company paid the aggregate remuneration of approximately RMB3.3 million, RMB2.4 million and RMB2.0 million to our Directors and Supervisors, respectively. For details of the remuneration of our Directors and Supervisors, please refer to Note 34 to the Accountant's Report.

No Director or Supervisor received other remuneration or benefits in kind from our Company in respect of the three years ended 31 December 2024.

Under the current arrangements, it is expected that the Directors and Supervisors of our Company will be entitled to receive an aggregate remuneration of approximately RMB2.6 million for the year ending 31 December 2025 from our Company.

D. DISCLOSURE OF INTERESTS

1. Disclosure of Interests of Directors, Supervisors and Chief Executive

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), none of our Directors, Supervisors or chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position 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, pursuant to the Model Code for

Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange:

			Shares held as at the Latest Practicable Date and immediately prior to the Global Offering[(1)]		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)[(1)]	
Name	**Capacity/ Nature of interest**	**Class of Shares**	**Number**	**Approximate percentage in the total share capital of our Company**	**Number**	**Approximate percentage in the total share capital of our Company**
Mr. Xu Kaiming	Beneficial interests	H Shares	30,354,873(L)	39.77%	30,354,873	32.04%
	Interests in controlled corporations[(2)]	H Shares	37,405,685(L)	49.00%	37,405,685	39.49%
Mr. Xu Kaihe	Beneficial interests	H Shares	2,250,953(L)	2.95%	2,250,953	2.38%
	Interests in controlled corporations[(3)]	H Shares	1,016,717(L)	1.33%	1,016,717	1.07%

Notes:

1. The letter "L" denotes the entity/person's long position (as defined under Part XV of the SFO) in such Shares.

2. Mr. Xu Kaiming holds 99% equity interests in Xiamen Rongxin and being the sole general partner, he controls Xiamen Gaoli Hezhong which is an employee shareholding platform. By virtue of the SFO, in addition to his direct shareholding, Mr. Xu Kaiming is deemed to be interested in the 36,496,505 Shares of our Company through Xiamen Rongxin and the 909,180 Shares of our Company through Xiamen Gaoli Hezhong.

3. Mr. Xu Kaihe is the sole general partner of and has control on Xiamen Gaoli Zhongcheng, which is an employee shareholding platform. By virtual of the SFO, in addition to his direct shareholding, Mr. Xu Kaihe is deemed to be interested in the 1,016,717 Shares of our Company through Xiamen Gaoli Zhongcheng.

2. Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person (other than our Director, Supervisor or chief executive of our Company) who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

3. Disclaimers

Save as disclosed in the paragraphs headed "C. Further Information about our Directors and Supervisors" and "D. Disclosure of Interests" in this section:

(a) none of our Directors or chief executive has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(c) none of our Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business; and

(d) without taking into account any Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at shareholders' meetings of any member of our Group in the Shares or underlying Shares of our Company.

E. EMPLOYEE SHARE OWNERSHIP PLANS

We have established the employee share ownership plans ("**ESOP**") since 2017 in recognition of the contributions of our employees and to provide incentives that align the interests of our Company and employees. The terms of the ESOP are not subject to the provisions of Chapter 17 of the Listing Rules as the ESOP does not involve the grant of options or awards by our Company after the Listing and there will be no dilution effect to the issued Shares after Listing.

As at the Latest Practicable Date, all the Shares underlying the ESOP had been issued and granted, and to the extent that there is any change to the grants under the ESOP after the Listing, our Company will comply with the applicable Listing Rules (including the requirements under Chapter 14A of the Listing Rules applicable to grants to connected persons, if any).

As at the Latest Practicable Date, our Company had established two employee shareholding platforms ("**Employee Shareholding Platforms**") , namely Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng. As at the Latest Practicable Date, Xiamen Gaoli Hezhong and Xiamen Gaoli Zhongcheng held approximately 1.19% and 1.33% of the issued share capital of our Company, respectively. For details of the employee shareholding platforms, please refer to the section headed "History, Development and Corporate Structure – Employee Share Ownership Plans" in this prospectus.

The following is a summary of the principal terms of the ESOP:

(a) Objectives

The purpose of the ESOP is to recognise the contributions of our employees and to provide incentives that align the interests of our Company and employee.

(b) Grant of Awards

Participants of the ESOP (the "**Participants**") are granted limited partnership interests (the "**Awards**") in the Employee Shareholding Platforms and are each a limited partner of the Employee Shareholding Platforms upon grant of the Award. Upon becoming the limited partner of the Employee Shareholding Platforms, the Participant indirectly receives economic interest in the pro rata portion of the underlying Shares held by the Employee Shareholding Platforms.

(c) Eligibility

The Participants include the directors, supervisors, senior management members and key employees of the Group. A combination of factors, including service tenure, work experience, job position, development potential, and contribution to the Group, will be considered when determining eligible participants of the ESOP and the price and allocation of the Awards of each eligible participant.

(d) Form of the ESOP

The Participants, as partners of the Employee Incentive Platforms, which are in the form of limited partnerships, shall subscribe for the limited partnership interests of the Employee Incentive Platforms, thereby indirectly holding the Shares of our Company by virtue of their capacity as a limited partner of the relevant employee incentive platform.

(e) Rights attached to the Awards

According to the provisions of laws, rules, and the Articles of Association of our Company, the Employee Shareholding Platforms are entitled to rights of shareholders of our Company, and all partners of the Employee Shareholding Platforms enjoy the rights corresponding to their respective shareholdings in the respective Employee Shareholding Platform.

(f) Exit from the Employee Shareholding Platforms

Prior to 31 December 2022 or to the submission of the application for the listing on a stock exchange by our Company (whichever is earlier), if any limited partner wishes to transfer his/her holdings in the Employee Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the capital injection amount of the relevant portion of interest that is subject to transfer plus interest. Such transfer price shall take into account, among others, the capital commitment by the transferee and its annualised investment return and the valuation of the investment as at the date of such transfer.

After 31 December 2022 but prior to the submission of the application for listing on the stock exchange by our Company, if any limited partner wishes to transfer his/her holdings in the Employer Incentive Platform, such limited partner shall obtain the consent of the general partner of the Employee Incentive Platform. The transfer price shall be determined by the parties.

(g) Lock-up period and Redemption of Awards

If our Company applies for a listing on a stock exchange, the lock-up period for limited partners will be determined in accordance with the requirements of the securities regulatory authorities and stock exchanges, and the relevant commitments regarding restricted circulation and voluntary lock-up of the Employee Incentive Platform. In general, the lock-up period shall be 36 months from the date of the submission of the listing application to the Stock Exchange. If there are any new regulations issued by the regulatory authorities, the lock-up period will be subject to those regulations. The lock-up of 36 months is determined based on maintaining the stability of the core incentive target employees' employment in the Group and avoiding volatility in the Group's share price after the Listing.

After the listing of our Company and when the lock-up period of the Employee Incentive Platforms expires, the general partners will uniformly handle the stock reduction process based on the limited partner's request. The transfer price will be determined based on the actual market price at the time of the reduction. The basis of the stock reduction process was because the employees hold the Shares indirectly through the Employee Incentive Platform. In order to enable the Employee Incentive Platform to reduce its holdings in an orderly manner, the platform will complete the reduction of its holdings and the payment of the proceeds from the reduction in the secondary market based on the instructions of the limited partners who have met the reduction conditions.

(h) Details of interests in the Employee Shareholding Platforms

As of the Latest Practicable Date, all Awards under the ESOP were granted. Details of the Awards granted to Directors, Supervisors, senior management or connected persons under the Employee Incentive Scheme are set out below:

Name	Position/Connected Relationship	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Mr. Xu Kaiming	Executive Director, chairman of the Board, president, general manager and a Controlling Shareholder	Xiamen Gaoli Hezhong	0.39%	3,546
		Xiamen Gaoli Zhongcheng	1.31%	13,319
Mr. Xu Kaihe	Executive Director, senior vice president and a Controlling Shareholder	Xiamen Gaoli Hezhong	13.67%	124,285
		Xiamen Gaoli Zhongcheng	4.91%	49,921
Mr. Fu Jianfang	Supervisor	Xiamen Gaoli Hezhong	10.29%	93,555
		Xiamen Gaoli Zhongcheng	7.02%	71,374
Ms. Chai Ling	Supervisor	Xiamen Gaoli Hezhong	8.05%	73,189
		Xiamen Gaoli Zhongcheng	10.28%	104,519

Name	Position/Connected Relationship	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Mr. Hu Zunfa	Secretary to the Board, Joint Company Secretary, senior management	Xiamen Gaoli Hezhong	7.86%	71,462
		Xiamen Gaoli Zhongcheng	4.51%	45,854
Ms. Lin Yanqin	Executive Director	Xiamen Gaoli Hezhong	7.78%	70,734
		Xiamen Gaoli Zhongcheng	5.37%	54,598
Ms. Lin Cheng	Senior management	Xiamen Gaoli Hezhong	6.28%	57,097
		Xiamen Gaoli Zhongcheng	4.00%	40,669
Mr. Jiang Jingtao	Supervisor	Xiamen Gaoli Hezhong	5.11%	46,459
		Xiamen Gaoli Zhongcheng	3.88%	39,449
Mr. Chen Zhichuan	Chief Financial Officer	Xiamen Gaoli Hezhong	6.13%	55,823.6
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3

Details of the Awards granted to persons who are not Directors, Supervisors, senior management or connected persons under the Employee Incentive Scheme are set out below:

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Li Changcheng (李昌成)	Employee	Xiamen Gaoli Hezhong	6.28%	57,096.5
Zheng Xiaohua (鄭小華)	Employee	Xiamen Gaoli Hezhong	4.87%	44,277.1
		Xiamen Gaoli Zhongcheng	1.03%	10,472.2
Liang Yuling (梁玉玲)	Employee	Xiamen Gaoli Hezhong	3.53%	32,094.1
		Xiamen Gaoli Zhongcheng	4.26%	43,312.1
Zhang Hui (張輝)	Employee	Xiamen Gaoli Hezhong	3.36%	30,548.4
		Xiamen Gaoli Zhongcheng	4.72%	47,989.0
Qi Zhen (祁振)	Employee	Xiamen Gaoli Hezhong	1.73%	15,728.8
		Xiamen Gaoli Zhongcheng	2.34%	23,791.2
Huang Shihua (黃詩華)	Employee	Xiamen Gaoli Hezhong	1.61%	14,637.8

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Lin Wenyuan (林文原)	Employee	Xiamen Gaoli Hezhong	1.57%	14,274.1
		Xiamen Gaoli Zhongcheng	2.57%	26,129.6
Jiang Qiyan (薑其焱)	Employee	Xiamen Gaoli Hezhong	1.57%	14,274.1
		Xiamen Gaoli Zhongcheng	3.72%	37,821.9
Wang Huanfei (王煥飛)	Employee	Xiamen Gaoli Hezhong	1.26%	11,455.7
Jiang Mei (蔣梅)	Employee	Xiamen Gaoli Hezhong	1.22%	11,092.0
You Yong (遊湧)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3
		Xiamen Gaoli Zhongcheng	1.43%	14,539.1
Wang Xinyi (王新藝)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3
		Xiamen Gaoli Zhongcheng	0.65%	6,608.7
Huang Xiaodong (黃曉東)	Employee	Xiamen Gaoli Hezhong	1.18%	10,728.3

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Sun Miaoyun (孫苗雲)	Employee	Xiamen Gaoli Hezhong	0.79%	7,182.5
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3
Su Bixiang (蘇碧香)	Employee	Xiamen Gaoli Hezhong	0.55%	5,000.5
		Xiamen Gaoli Zhongcheng	0.51%	5,185.3
Qi Xiyan (祁喜燕)	Employee	Xiamen Gaoli Hezhong	0.55%	5,000.5
		Xiamen Gaoli Zhongcheng	2.50%	25,417.9
Huang Qiangmin (黃強敏)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	4.55%	46,260.6
Zhu Hong (朱虹)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
Ke Huimin (柯輝民)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	1.97%	20,029.3

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Chen Fang (陳芳)	Employee	Xiamen Gaoli Hezhong	0.39%	3,545.8
		Xiamen Gaoli Zhongcheng	2.06%	20,944.4
Chen Yingying (陳瑩瑩)	Employee	Xiamen Gaoli Hezhong	0.22%	2,000.2
Li Ling (李玲)	Employee	Xiamen Gaoli Hezhong	0.22%	2,000.2
Zhang Lixiang (張麗香)	Employee	Xiamen Gaoli Zhongcheng	4.51%	45,853.9
Li Yong (李勇)	Employee	Xiamen Gaoli Zhongcheng	3.57%	36,296.8
Ding Jiwei (丁姬偉)	Employee	Xiamen Gaoli Zhongcheng	3.27%	33,246.6
Kang Wenti (康文體)	Employee	Xiamen Gaoli Zhongcheng	2.57%	26,129.6
Wang Binglin (王炳林)	Employee	Xiamen Gaoli Zhongcheng	2.50%	25,417.9
Li Jian (李劍)	Employee	Xiamen Gaoli Zhongcheng	2.29%	23,282.8
Chen Fangbin (陳方賓)	Employee	Xiamen Gaoli Zhongcheng	2.06%	20,944.4

Name	Relationship with the Company	Relevant Employee Shareholding Platforms	Approximate Partnership Interests of the Employee Shareholding Platforms	Number of Shares underlying the Awards granted under the Employee Incentive Scheme (as of the Latest Practicable Date)
Wang Xiaoyan (王小燕)	Employee	Xiamen Gaoli Zhongcheng	1.64%	16,674.2
Zhang Shunfeng (張順風)	Employee	Xiamen Gaoli Zhongcheng	1.29%	13,115.6
Quan Wenyu (全文玉)	Employee	Xiamen Gaoli Zhongcheng	1.20%	12,200.6
Zheng Changquan (鄭長泉)	Employee	Xiamen Gaoli Zhongcheng	0.48%	4,880.2

F. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into a Deed of Indemnity in favour of our Company (for itself and as trustee for each of its subsidiaries) pursuant to which our Controlling Shareholders have agreed to jointly and severally indemnify and at all times keep each member of our Group fully and effectively indemnified against, among others, the followings:

a. the amount of any and all taxation paid or required to be paid by any of the members of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received or entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the Listing; and

b. all losses, payments, charges, settlement payment, costs (including legal costs and other professional costs on a full indemnity basis), liability, damages, charges, fees, fines or expenses which any of the members of our Group may incur or suffer, accrue, directly or indirectly, from any act of the members of our Group arising from and/or in connection with any non-compliance, failure, delay or defect of corporate or regulatory compliance on the part of any or all members of our Group of any provision of, the Companies Ordinance or any other applicable laws in the world of any of the members of our Group on or before the Listing and/or as a result of and/or in relation to all litigations, arbitrations, claims (including counter-claims), actions, complaints, demands, judgements and/or legal proceedings by or against any of the members of our Group which were issued, accrued and/or arising from any act of any member of our Group at any time on or before the Listing;

Our Controlling Shareholders will, however, not be liable under the Deed of Indemnity to the extent that, among others:

a. provision, reserve or allowance has been made for such taxation or liability for such taxation in the audited accounts of our Group for each of the years/period ended 31 December 2022, 2023 and 2024; or

b. the taxation or liability for such taxation falling on any member of our Group on or after the Listing except such taxation or liability would not have arisen but for any act or omission of, or transaction voluntarily effected by our Company or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of our Controlling Shareholders other than any such act, omission or transaction:

   (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing; or

   (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing; or

   (iii) consisting of any member of our Group ceasing, or being deemed to cease, to be a member of our Group for the purposes of any matter of taxation on or before the Listing; or

c. the taxation or liability for such taxation arises or is incurred or is increased by an increase in rates of taxation or other penalties as a result of any retrospective change in law or practice coming into force after the date of the Deed of Indemnity or any retrospective increase in tax rates coming into force after the date of the Deed of Indemnity; or

d. any provision or reserve made for taxation in the audited accounts of our Group for each of the years/period ended 31 December 2022, 2023 and 2024 which is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company, then our Controlling Shareholders' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve; or

e. for which any member of our Group is liable in respect of or in consequence of any event occurring or income, profits or gain earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business on in the ordinary course of acquiring and disposing of capital assets after the Listing.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

3. Litigation

Save as disclosed on the section headed "Business – Legal and Compliance – Legal Proceedings" in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, all the H Shares to be issued as mentioned in this prospectus.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsors a fee of HK$4.1 million to act as the sponsor of our Company in connection with the proposed listing on the Stock Exchange.

5. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

6. Promoters

The promoters of the Company are Xiamen Rongxin, Mr. Xu Kaiming, Mr. Lin Huanan, Mr. Xu Kaihe, Mr. Yang Litie, Xiamen Gaoli Hezhong, Xiamen Gaoli Zhongcheng and Mr. Li Cheng. For details of the promoters of the Company, please see "History, Development and Corporate Structure".

Save as disclosed in the section headed "History, Development and Corporate Structure – Corporate Development" of 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 nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Qualifications of experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
Yue Xiu Capital Limited	A licenced corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)
Tenet & Partners	PRC Legal Advisers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Peak Vision Appraisals Limited	Property valuer

8. Consents of experts

Each of the parties named in paragraph 6 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which it is respectively included.

As at the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III – Taxation and Foreign Exchange" to this prospectus.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in "Appendix I – Accountant's Report – 33 Related Party Transactions" in this prospectus.

12. Miscellaneous

Save as disclosed in the sections headed "History, Development and Corporate Structure", "Business", "Financial Information" and "Underwriting" in this prospectus and the paragraph headed "A. Further Information about our Company" in this section:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be issued fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) save for our H Shares to be issued in connection with the Global Offering, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(g) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures; and

(h) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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, among other documents:

(a) the written consents referred to under the paragraph headed "F. Other Information – 8. Consents of Experts" in Appendix VII to this prospectus; and

(b) copies of the material contracts referred to in the paragraph headed "B. Further Information about our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website (**www.hkexnews.hk**) and our Company's own website (**https://www.rongtatech.cn/**) for a period of time for 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, the text of which is set forth in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the each of the years ended 31 December 2022, 2023 and 2024;

(d) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;

(e) the industry report prepared by Frost & Sullivan;

(f) the valuation report prepared by Peak Vision Appraisals Limited, the text of which is set forth in Appendix VI to this prospectus;

(g) the material contracts referred to in the paragraph headed "B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix VII to this prospectus;

(h) the written consents referred to in the paragraph headed "F. Other Information – 8. Consents of Experts" in Appendix VII to this prospectus;

(i) the service contracts referred to in the paragraph headed "C. Further Information about Our Directors and Supervisors – 1. Particulars of Directors' and Supervisors' Contracts" in Appendix VII to this prospectus;

(j) the legal opinions issued by our PRC Legal Advisers as to the PRC laws, in respect of, among other things, the general matters and property interests of our Group; and

(k) the PRC Company Law, the Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.

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