



FS.COM Limited

深圳市飛速創新技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號 : 3355



2025

ANNUAL REPORT
年度報告

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Xiang Wei (*Chairman of the Board
and general manager*)

Mr. Zeng Di

Non-Executive Directors

Mr. Peng Chao

Mr. Zhao Pan

Independent non-executive Directors

Mr. Ran Long

Dr. Guo Fei

Ms. Wang Jing

SUPERVISORS

Ms. Duan Ting (*Chairman of the Supervisory Committee*)

Mr. Zhang Denghui

Ms. Zhu Yue

JOINT COMPANY SECRETARIES

Mr. Zeng Di

Ms. Sham Ying Man

AUTHORIZED REPRESENTATIVES

Mr. Xiang Wei

Mr. Zeng Di

AUDIT COMMITTEE

Dr. Guo Fei (*Chairman*)

Mr. Zhao Pan

Ms. Wang Jing

STRATEGY COMMITTEE

Mr. Xiang Wei (*Chairman*)

Mr. Ran Long

Dr. Guo Fei

REMUNERATION COMMITTEE

Ms. Wang Jing (*Chairman*)

Dr. Guo Fei

Mr. Zeng Di

NOMINATION COMMITTEE

Mr. Ran Long (*Chairman*)

Mr. Xiang Wei

Ms. Wang Jing

H SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

1903-1904, Block C

China Resources Land Building

Da Chong Community, Yuehai Street

Nanshan District, Shenzhen

Guangdong Province

PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1903-1904, Block C

China Resources Land Building

Da Chong Community, Yuehai Street

Nanshan District, Shenzhen

Guangdong Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
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106/204, Commercial Podium
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Futian District
Shenzhen
Guangdong Province
PRC

Bank of China Limited
University Town of Shenzhen Branch
No. 105, 106, SUSTech Yayuan
Xueyuan Avenue, Taoyuan Street
Nanshan District
Shenzhen
Guangdong Province
PRC

LEGAL ADVISOR AS TO HONG KONG LAWS:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

LEGAL ADVISOR AS TO PRC LAW

Jingtian & Gongcheng
45/F, K. Wah Centre
1010 Huaihai Road (M)
Xuhui District
Shanghai
China

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
Office No. 710, 7/F
Wing On House
No. 71 Des Voeux Road Central
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPANY'S WEBSITE

<https://www.fs.com/>

STOCK CODE

03355.HK

DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the meanings set forth below:

“AI”	artificial intelligence, simulation of human intelligence by machines
“Articles of Association”	the articles of association of our Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the Audit Committee under the Board of Directors
“Board” or “Board of Directors”	the Board of directors of our Company
“CAGR”	compound annual growth rate, representing the year-over-year growth rate of a value over a specified period of time taking into account the effects of compounding and calculated by subtracting one from the result of dividing the ending value by its beginning value raised to the power of one divided by the period length
“Chinese Mainland” or “domestic”	excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“DTC”	direct-to-customer
“FS Germany”	FS.COM GmbH, a company incorporated under the laws of the Germany on May 11, 2017, one of our subsidiaries
“FS HK”	FS.COM HK LIMITED, a company incorporated under the laws of Hong Kong on November 8, 2016, one of our subsidiaries
“FS Singapore”	FS TECH PTE. LTD., a company incorporated under the laws of Singapore on June 4, 2018, one of our subsidiaries
“FS U.S.”	FS.COM INC, a company incorporated under the laws of the U.S. on April 30, 2018, one of our subsidiaries
“FS Wuhan”	Wuhan FS.COM Technology Co., Ltd. (武漢宇軒飛速通信技術有限公司), a limited liability company incorporated under the laws of the PRC on October 15, 2018, one of our subsidiaries
“G”	Gigabits
“general networking solutions”	networking solutions supporting data transfer rates below 100G

DEFINITIONS

“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries
“high-performance networking solutions”	networking solutions supporting data transfer rates of 100G and above
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“H Share(s)”	ordinary shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be listed and traded on the Stock Exchange
“Latest Practicable Date”	April 24, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Report prior to its publication
“Listing”	listing of the H Shares on the Main Board
“Listing Date”	the date, namely March 23, 2026, on which our H Shares are listed and from which dealings therein are first permitted to take place on the Hong Kong 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
“M”	Megabits
“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
“networking solutions”	an industry-standard term, as advised by Frost & Sullivan, which broadly refers to a networking company’s integrated offerings tailored to meet customers’ specific networking needs across diverse scenarios, and avoids strict distinctions between products/services or hardware/software
“Nomination Committee”	the Nomination Committee under the Board of Directors
“Prospectus”	the prospectus issued by the Company on March 13, 2026
“RDMA”	remote direct memory access
“Remuneration Committee”	the Remuneration Committee under the Board of Directors

DEFINITIONS

“Reporting Period”	from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“RoCE”	RDMA over converged ethernet, a network protocol which allows RDMA over an Ethernet network
“SDN”	software-defined networking
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, all of which, upon completion of the Global Offering are H Shares
“Shareholders(s)”	holder(s) of the Share(s) of the Company
“SKU(s)”	stock keeping units, being the smallest unit of inventory available for sale
“Strategy Committee”	the Strategy Committee under the Board of Directors
“Supervisory Committee”	the Supervisory Committee of our Company
“T”	Terabits
“the Company”, “our Company”, “Company” or “FS.COM”	FS.COM Limited (深圳市飛速創新技術股份有限公司), established under the name of Shenzhen Yuxuan Network Technology Co., Ltd. (深圳市宇軒網絡技術有限公司) in the PRC on April 9, 2009, whose H shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 03355)
“Unlisted Share(s)”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi, which were converted into H shares on a one-for-one basis upon completion of the global offering
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“WLAN”	Wireless Local Area Network
“Yuxuan Growth”	Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) (深圳市宇軒成長科技合夥企業(有限合夥)), one of our employee incentive platforms

DEFINITIONS

“Yuxuan Progress”	Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) (深圳市宇軒進取科技合夥企業(有限合夥)), one of our employee incentive platforms
“Yuxuan Prudence”	Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) (深圳市宇軒穩健科技合夥企業(有限合夥)), one of our employee incentive platforms
“%”	per cent

Notes:

1. Certain amounts and percentage figures included in this report have been subject to rounding.
2. In the event of any discrepancy between the Chinese and English names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain subsidiaries of the Company), the Chinese versions shall prevail. The English translations of Chinese company names and other terms marked with “*” are for identification purposes only.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2025, faced with the opportunities and challenges arising from the accelerated evolution of AI, the ongoing upgrading of global digital infrastructure, and profound changes in the industrial supply chain environment, FS.COM Limited (hereinafter referred to as the “**Company**”) has remained steadfast in its commitment to a customer-centric approach, driven by technological innovation and oriented towards long-term value creation. We have continued to advance the development of our products, platforms, supply chain and global service systems, thereby ensuring the steady growth of the Company's overall operations. On behalf of the Company, I would like to express my sincere gratitude to our shareholders, customers, partners and all employees for their long-standing trust and support of FS.COM Limited.

Since our inception, we have consistently focused on the field of enterprise-grade networking solutions, continuously enhancing our ability to provide one-stop solutions for global customers across key application scenarios such as high-performance computing, data centers, enterprise networks and telecommunications. Leveraging systematic capabilities in online platforms, product R&D, global supply chains, warehousing and delivery, and technical services, we have continuously strengthened our operational efficiency, flexibility and cost competitiveness, whilst consistently optimizing our business structure and growth quality. During the Reporting Period, our service network has expanded to cover more than 200 countries and regions worldwide, with a customer base comprising numerous leading enterprises, and we have progressively established a leading position in the field of global online enterprise-grade networking solutions.

In 2025, the Company achieved high-quality growth, with its operational performance showing steady progress. Full-year revenue reached RMB2.97 billion, representing a year-on-year increase of 13.5%; net profit stood at RMB601 million, up 51.4% year-on-year; and net cash flow from operating activities amounted to RMB817 million, a 100% increase year-on-year. The Company remained committed to technological innovation as a driving force, investing RMB178 million in R&D throughout the year (representing 6.0% of revenue). We continued to deepen our global layout and supply chain synergies, whilst driving the organizational and digital system upgrades, thereby laying a solid foundation for long-term, large-scale development.

On March 23, 2026, the Company successfully listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 03355.HK), marking its transition from a private entity to a regulated and transparent public company. Following the listing, the Company will continue to enhance its research and development capabilities and operating performance whilst refining our governance structure to higher standards, strengthening our information disclosure and risk management systems, and enhancing the level of regulatory compliance and our capacity for long-term development.

Looking ahead, with the accelerated development of AI, 6G and digital technologies, the ICT industry is entering a critical phase characterized by the deep integration of technologies and the accelerated deployment of applications. Capitalizing on our listing, we are firmly advancing our globalization and platform-based development strategies. Firstly, we will strengthen technology-driven innovation by focusing on genuine customer needs, accelerating the deployment of key technologies such as AI into products and business operations, and building a differentiated competitive advantage. Secondly, we will continue to deepen our global layout, optimize regional markets and delivery networks, and enhance the efficiency of global resource allocation and localized service capabilities. Thirdly, we will promote platform-based and systematic development, continuously improve R&D efficiency and organizational synergy, and create a replicable and sustainable growth model. Fourthly, we will further refine our corporate governance and operating systems, enhance operational resilience and transparency, and further boost capital market confidence and the Company's long-term value.

Standing at a new starting point for development, we will continue to adhere to a long-term development philosophy, focus on building core capabilities, and firmly seize the structural opportunities presented by global digital transformation. We will achieve steady growth amidst a complex and ever-changing external environment, whilst continuing to generate returns for shareholders, create value for customers, and make long-term contributions to the industry and society.

FS.COM Limited
Xiang Wei

Chairman of the Board and General Manager

April 28, 2026

FOUR YEAR FINANCIAL SUMMARY

The following sets forth a summary of the Group's results of operations and its assets and liabilities for each of the past four financial years^(note):

FOUR YEAR FINANCIAL SUMMARY

RESULTS

	Year ended /as at December 31,			
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	2,965,663	2,611,793	2,212,851	1,988,244
Cost of sales	(1,350,549)	(1,305,484)	(1,120,379)	(1,085,386)
Gross profit	1,615,114	1,306,309	1,092,472	902,858
Other income	12,144	12,811	12,989	18,241
Impairment losses under expected credit loss model, net of reversal	(2,710)	(1,008)	(1,659)	272
Other gains and losses	35,103	(948)	38,682	42,704
Selling and distribution expenses	(535,150)	(487,665)	(338,941)	(270,490)
General and administrative expenses	(210,241)	(209,777)	(175,156)	(170,373)
Research and development expenses	(178,127)	(143,710)	(110,482)	(99,824)
Finance costs	(28,123)	(18,544)	(4,655)	(4,511)
Listing expense	(22,750)	(893)	–	–
Profit before tax	685,260	456,575	513,250	418,877
Income tax expense	(83,795)	(59,318)	(56,503)	(54,370)
Profit for the year	601,465	397,257	456,747	364,507
ASSETS AND LIABILITIES				
TOTAL ASSETS	3,954,048	3,550,399	2,719,416	2,153,815
TOTAL LIABILITIES	1,794,194	1,149,662	721,434	621,399
Total equity	2,159,854	2,400,737	1,997,982	1,532,416

Note: The Company was only listed on the Hong Kong Stock Exchange on March 23, 2026, and therefore no financial information for the year ended December 31, 2021 has been published.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Founded in April 2009, we are a global online DTC networking solutions provider delivering scalable, cost-effective and one-stop networking solutions through our proprietary online sales platform, FS.com, under a platform-centric and online-enabled approach. Our solutions primarily include high-performance networking solutions and general networking solutions, supporting a broad range of application scenarios including high-performance computing, data centers, enterprise networks and telecommunications. Built on a decoupled architecture that integrates standardized networking hardware with scalable, cloud-based software capabilities, we provide services spanning pre-sales activities, including product and solution display, sales consulting, technology support, solution design and testing and validation, as well as product delivery and after-sales support. We serve a diversified global customer base across multiple industries and markets, with more than 500,000 customers in over 200 countries and regions worldwide.

MARKET OVERVIEW

In recent years, AI has surged as a thrust for technological advancement and global economic growth. Network infrastructure plays a vital role in integrating AI into business operations, and it is an essential element for enterprises undergoing digital and intelligent transformation. The increasing penetration and rising popularity of AI applications across various industries will further drive the demand for localized network services by enterprises. In 2024, 29.0% of global enterprise network infrastructure adopted localized network deployment. In particular, only approximately 10% of small-and-medium sized enterprise network infrastructure adopted localized network deployment, and it is expected to grow to approximately 20% by 2029, according to Frost & Sullivan.

According to Frost & Sullivan, the market for enterprise-grade networking solutions is expected to experience significant growth in the AI era. The market size is projected to grow from USD162.8 billion in 2024 to USD245.3 billion by 2029, representing a CAGR of 8.5%. As the industry evolves, enterprises face increasingly diverse requirements for their localized network infrastructure. This heightens the demand for SDN capabilities.

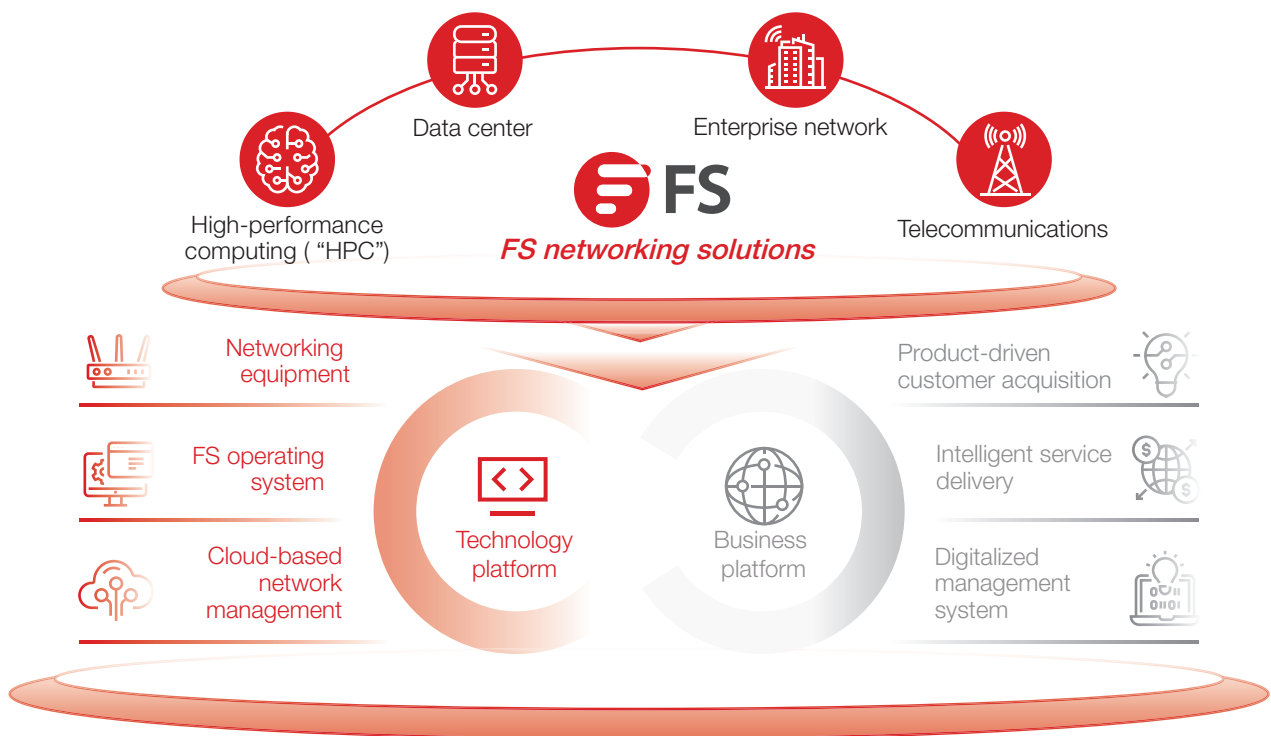
OUR GROWTH FLYWHEEL

Our growth is driven by our high-quality products and dynamic ecosystem. Leveraging our operational efficiency empowered by our online sales platform, diversified portfolio of proprietary brand SKUs and delivery capabilities, we have successfully attracted global customers and cultivated our distinguished brand over the years. It further fostered our collaboration with global supply chain partners to achieve economies of scale. As our business grows, we will continue to strengthen our product innovation and enhance our ecosystem to further elevate customer experience.

Product-driven. We continuously develop and launch scenario-based product solutions to drive sustainable customer and business growth. Our online sales platform offers an extensive range of enterprise-grade networking equipment SKUs applicable to a diverse set of scenarios. Leveraging our capabilities in offering specialized and customizable products in a full spectrum of scenarios, we are able to accurately identify customer needs, optimize our one-stop procurement processes and customer experience throughout the entire product lifecycle. We reshape customer procurement behaviors and continuously enhance customer satisfaction to expand our global customer base. As we expand our global footprint and continue to strengthen our brand reputation, we deepen our collaboration with global supply chain partners. Such collaboration enables us to formulate globally uniform standards for our products and services, thereby further driving global customer acquisition and business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Ecosystem-driven. We strive to enhance customer stickiness and optimize customer experience to create value for customers. We continue to invest in the development of our ecosystem for localized networking solutions. Through continuously meeting diverse customer needs, providing intelligent and efficient services on our online platform and improving our delivery capabilities, we further enhance our competitiveness globally. Our DTC approach eliminates intermediary layers, enabling us to offer more competitive pricing, faster response times, and greater flexibility in customizing solutions. Direct engagement with customers allows us to gather real-time feedback and data, which we use to continuously improve our products and services. Supported by advanced digital infrastructure, we achieve high levels of automation and operational efficiency, reducing costs and minimizing errors. This will bring along an increase in the average purchase amount of our customers and improved cross-selling performance.



MANAGEMENT DISCUSSION AND ANALYSIS

OUR NETWORKING SOLUTIONS

We offer enterprise-grade networking solutions designed to meet the demands of high-performance computing, data centers, enterprise networks and telecommunications, empowering global customers to design, operate and optimize networks with enhanced efficiency, agility and cost-effectiveness. Our solutions encompass pre-sales activities including sales consulting, technology support and solutions design as well as testing and validation, which together support and enable the delivery of fully integrated networking products to customers. Our solutions are built on a decoupled architecture that combines standardized networking hardware with scalable, cloud-based software capabilities. This enables advanced remote orchestration, intelligent resource provisioning and streamlined operational management, allowing customers to dynamically adapt network resources to evolving operational demands while maintaining enterprise-grade reliability.

Hardware Design and Development Capabilities. Our hardware design and development capabilities form the foundation of our networking solutions.

As of the Latest Practicable Date, we offered over 120,000 SKUs under our proprietary brand, covering optical modules and high-speed cables, fiber optic cables, switches, optical transmission equipment, optical fiber cabling management products and copper system products. We have launched advanced equipment such as high-speed 800G optical modules and switches, silicon photonic transceivers, high-density cabling management solutions and active wavelength division multiplexers, supporting next-generation networking demands including AI applications, distributed computing and low-latency data transmission.





Software Development Capabilities. Our software development capabilities are anchored in our proprietary FS OS and cloud-based networking management platform. FS OS is a programmable, modular and interoperable networking equipment operating system that enables cross-device integration and dynamic protocol stacking. It decouples software functionality from hardware configuration, supporting flexible deployment across our proprietary devices and other third-party networking devices that the customers sourced separately. Complementing FS OS, our cloud-based network management platform provides a centralized control interface that integrates configuration, orchestration and lifecycle management. Together, these systems enable SDN, allowing customers to intelligently configure, deploy and manage heterogeneous networks with enhanced automation, scalability and efficiency. Our SDN capabilities have been successfully applied across complex enterprise scenarios, delivering significant improvements in deployment time, operational agility and total cost of ownership.

MANAGEMENT DISCUSSION AND ANALYSIS



Our Networking Products

As part of our networking solutions, we offer an extensive portfolio of proprietary networking equipment. To address varying performance requirements, we offer high-performance networking solutions and general networking solutions. Our high-performance networking products cater to bandwidth-intensive environments, delivering high throughput, low latency and scalable architectures. Our general networking products feature secure and reliable connectivity as well as simplified deployment and maintenance for everyday needs. In addition to our high-performance and general networking products, we also offer other networking products such as fiber optic cassettes, chassis, wavelength division multiplexers and other ancillary products.







The following table presents our key networking product portfolio as of the Latest Practicable Date:

Networking Product	Product Description	Key Features	Product Picture
Optical modules and high-speed cables	An optical module functions as a photoelectric converter which converts the electrical signal into light and vice versa. High-speed cables (including direct attach cables (DAC) and active optical cables (AOC)) facilitate rapid data transfer between devices. They are both core components of high-speed data networks, responsible for photoelectric signal conversion.	<ul style="list-style-type: none"> Full transmission speed coverage from 1G to 800G and beyond with optical modules ranging from 100M to 1.6T, addressing diverse deployment needs 	
		<ul style="list-style-type: none"> Equipped with advanced chips and silicon photonics technology to ensure leading high-speed performance for modern data centers 	
		<ul style="list-style-type: none"> Strong compatibility with mainstream networking devices, meeting industry standards and verified through rigorous interoperability testing 	
		<ul style="list-style-type: none"> Broad product portfolio offering multiple rates, cable lengths and interface types to accommodate diverse connection scenarios 	
		<ul style="list-style-type: none"> High reliability and stability, meeting carrier-grade and data center-grade quality requirements through precision manufacturing and comprehensive testing 	

MANAGEMENT DISCUSSION AND ANALYSIS

Networking Product	Product Description	Key Features	Product Picture
Switches	A switch is a hardware device that connects multiple devices within a local area network, enabling them to communicate by forwarding data packets to their intended destinations.	<ul style="list-style-type: none"> • Comprehensive switch portfolio covering enterprise campuses, data centers and industrial environments • Supports high-throughput, high-concurrency and low-latency network deployments for mission-critical applications such as financial data centers • Delivers high reliability, scalability and security to support enterprises in their digitalization and intelligent transformation initiatives 	
Fiber optic cables	Fiber optic cables are assemblies that contain one or more optical fibers and are used to transmit data as light pulses.	<ul style="list-style-type: none"> • Full range of multi-fiber push-on (MPO), multi-fiber termination push-on (MTP), patch and specialty fiber cables and pigtails for diverse deployment needs • Portfolio including models built for structured cabling, high-density layouts and harsh environments • Adopting advanced standards to ensure reliability and stability • Standard polarity, insertion loss and return loss testing to ensure signal integrity 	

MANAGEMENT DISCUSSION AND ANALYSIS

Networking Product	Product Description	Key Features	Product Picture
Optical transmission equipment	Our optical transmission equipment encompasses Wavelength Division Multiplexing (“ WDM ”) devices that combine multiple optical signals on a single fiber, Optical Transport Network (“ OTN ”) devices for long-haul multi-service transmission and Passive Optical Network (“ PON ”) equipment for point-to-multipoint fiber access.	<ul style="list-style-type: none"> • Wide range of types and models of WDM devices for diverse transmission needs, with low insertion loss and high reliability • OTN devices supporting full-service coverage from GE to 400G, with flexible, scalable and low-latency network design • Rich product portfolio of PON equipment including EPON, GPON and XG(S)-PON series, with diverse port types and configurations 	 
Optical fiber cabling management products	Our optical fiber cabling management products include panels, cassettes, enclosures, cable managers, racks and cabinets. They are mainly used to organize, secure and route fiber cables within network infrastructures.	<ul style="list-style-type: none"> • Supporting high-density, modular deployments in various scenarios • Designed to optimize rack space, airflow and cable organization for efficient operations • Enabling quick plug-and-play setup and scalable infrastructure development 	 
Copper system products	Our copper system products include patch cords, trunks, bulk cables, connectors and other ancillary products.	<ul style="list-style-type: none"> • Pre-terminated and factory-tested assemblies for fast deployment in enterprise and data center environments • Designed to support structured cabling systems with high density, flexibility and ease of maintenance 	 

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS AND PROSPECTS

Going forward, we plan to implement the following strategies, which we believe, will strengthen our core competitive strengths and enable us to capture rising business opportunities:

Driving Technological Upgrades and Platform Iterations

The widespread application of AI technology has driven a continuous increase in global corporate demand for intelligent network equipment, while also raising the standard for the development of next-generation networking technologies and infrastructure. In light of such trends, we will continue to iterate and upgrade our existing technologies and platform to maintain our market-leading position for platform capabilities. This will allow us to provide customers with more efficient, flexible and intelligent networking solutions.

We will continue to expand our full-stack technological capabilities, including but not limited to the integration of intelligent technologies with SDN for traffic prediction and dynamic optimization to enhance network intelligence and automation. We will also continue to upgrade our customer service system to further enhance customer service experience and efficiency. We will also apply data intelligence technologies to platform data analysis to generate real-time insights and ensure that our cutting-edge technologies cater to meet market needs.

Enriching Product Portfolio

Leveraging our leading position in the global networking solutions market and our diversified products, we will continue to enrich our product portfolio and broaden the application scenarios of our solutions. This will enable us to better meet the diverse needs of our customers and stay ahead in the industry.

We are committed to providing intelligent networking products and solutions that meet our customers' needs and deliver a refined experience. We will capitalize on our data insights accumulated through our intelligent platform to better understand customers' needs. We are committed to taking the lead in setting standards for product forms and technical parameters. We will continue to provide products and solutions that fully adapt to open-source interfaces and are compatible with evolving, cutting-edge protocol stacks. For example, to meet the needs of large-scale AI networks for lossless and efficient transmission, we have introduced lossless Ethernet solutions based on RoCE for data centers, and we will continue the development of 800G and future 1.6T switch products. We will also continue, through the development and upgrading of our cloud-based network management platform, to achieve efficient automated deployment of computing power networks, meeting the needs of large-scale AI networks for intelligent management and operation.

We will further promote the widespread application of our networking solutions in cutting-edge fields such as data centers, industrial internet and smart campuses. This will meet the massive data communication requirements in the AI era and fully empower the digital transformation and intelligent upgrading in various industries.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuously Expanding a More Prosperous Global Ecosystem

Providing globally standardized services is one of our core competitive advantages for sustained development. As a network service solution provider serving global enterprise clients, we are committed to delivering efficient and timely network services to customers worldwide.

We will further expand our global delivery centers to provide customers with efficient end-to-end support, ranging from networking solution design to network deployment and operations. By enhancing the efficiency of our services, we will continue to strengthen customer loyalty and stickiness, improve our cross-selling and up-selling capabilities for our products and solutions and expand our customer base through our online sales platform and our global network.

We are committed to enhancing our global supply chain system through deepening collaboration with local suppliers in various global markets, which will effectively support and complement our existing supply chain system, building a multi-layered and diversified supply system.

Strengthening Global Talents Acquisition and Team Building

We believe that attracting global talents is the core driver of future innovation and development. We are committed to making concerted efforts in both talent acquisition and talent cultivation, with an aim to build a robust and solid pipeline of talents to empower our long-term growth and development.

We regard global talent as a crucial engine for breaking through technological boundaries and deepening our penetration into global markets, and continue to actively concentrate on the industry frontiers while vigorously and proactively introducing outstanding professionals. We are committed to optimizing our employee development system, empowering employees in leadership, teamwork and professional skills. We plan to improve our promotion and selection mechanism, adhering to the principles of fairness, justice and transparency, in order to provide employees with clear career development paths. We plan to refine our incentive and performance reward schemes to motivate employees and stimulate their creativity, bringing momentum for our long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Year-to-Year Comparison of Results of Operations

Revenue

Our revenue increased by 13.5% from RMB2,611.8 million in 2024 to RMB2,965.7 million in 2025, primarily due to our expanded business scale of high-performance networking solutions and general networking solutions as we optimized our product mix in response to the market demand.

- Our revenue from sales of high-performance networking solutions increased by 29.1% from RMB831.1 million in 2024 to RMB1,073.0 million in 2025, primarily due to (i) an increase in customer base from approximately 12,100 in 2024 to approximately 13,500 in 2025; and (ii) an increase in sales volume of the high-performance networking solutions from approximately 618,000 in 2024 to approximately 756,300 in 2025.
- Our revenue from sales of general networking solutions remained relatively stable at RMB1,497.5 million in 2024 and RMB1,552.1 million in 2025, primarily because our customer base and sales volume of the general networking solutions both remained stable in 2024 and 2025.
- Our revenue from sales of other networking products increased by 20.3% from RMB283.2 million in 2024 to RMB340.6 million in 2025. Our other networking products are typically deployed in conjunction with our high-performance networking solutions and general networking solutions. The increase in revenue from sales of others is generally in line with the revenue increase corresponding to our revenue increase in high-performance networking solutions and general networking solutions.

Cost of Sales

Our cost of sales remained relatively stable at RMB1,305.5 million in 2024 and RMB1,350.5 million in 2025.

Gross Profit and Gross Profit Margin

Our gross profit increased by 23.6% from RMB1,306.3 million in 2024 to RMB1,615.1 million in 2025, which was primarily driven by our increase in revenue. Our gross profit margin also increased from 50.0% in 2024 to 54.5% in 2025.

- The gross profit margin for high-performance networking solutions increased from 44.8% in 2024 to 49.5% in 2025, primarily attributable to (i) increased selling prices of high-performance networking solutions; and (ii) an adjustment in the product mix, as the revenue proportion of high-performance optical transceivers and fiber optic cables, with relatively higher gross margin, increased during the period.
- The gross profit margin for general networking solutions increased from 51.7% in 2024 to 57.1% in 2025, primarily due to a decrease in procurement costs for general products.
- The gross profit margin for other networking products slightly increased from 56.7% in 2024 to 58.3% in 2025, reflecting normal period-to-period fluctuations in product mix, pricing and procurement costs.

Other Income

Our other income decreased by 5.2% from RMB12.8 million in 2024 to RMB12.1 million in 2025, primarily due to (i) government's reduction in the allocation of certain grants, and (ii) a decrease in bank interest income due to a decrease in interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

We recognized impairment losses under expected credit loss model of RMB1.0 million in 2024 and RMB2.7 million in 2025, primarily due to the reclassification of certain receivables to over one year, which under the expected credit loss model requires recognition of impairment losses.

Other Gains and Losses

We recorded RMB0.9 million net other losses in 2024 and RMB35.1 million net other gains in 2025, primarily due to an increase in the foreign exchange gains. The increase in foreign exchange gains was mainly attributable to the increase in the exchange rates of the Euro which we held.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 9.7% from RMB487.7 million in 2024 to RMB535.2 million in 2025, primarily attributable to an increase in employee compensation expenses, which was mainly attributable to the increase in the sales staff.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB209.8 million in 2024 and RMB210.2 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 23.9% from RMB143.7 million in 2024 to RMB178.1 million in 2025, primarily due to an increase in employee compensation expenses which was mainly attributable to the increase in the number of R&D personnel.

Finance Costs

Our finance costs increased by 51.7% from RMB18.5 million in 2024 to RMB28.1 million in 2025, primarily due to an increase in interest expense on redemption liabilities.

Income Tax Expense

Our income tax expense increased by 41.3% from RMB59.3 million in 2024 to RMB83.8 million in 2025, in line with the increase of our profit.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 51.4% from RMB397.3 million in 2024 to RMB601.5 million in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

		At December 31,	
	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	16	1,164,468	1,194,069
Right-of-use assets	18	112,277	119,041
Investment properties	17	10,954	–
Intangible assets	19	12,783	18,375
Deferred tax assets	20	106,082	110,536
Other receivables, deposits and prepayments	23	68,896	88,296
Deposits for the acquisition of property, plant and equipment		6,081	4,511
		1,481,541	1,534,828
Current assets			
Inventories	21	473,193	572,271
Trade receivables	22	220,461	154,616
Other receivables, deposits and prepayments	23	159,713	120,304
Right to returned goods asset		2,908	3,392
Tax recoverable		18,947	10,606
Financial assets at fair value through profit or loss (“FVTPL”)	24	762,766	506,444
Restricted bank deposits	25	32,245	17,363
Short-term bank deposits	25	–	93,000
Bank balances and cash	25	802,274	537,575
		2,472,507	2,015,571
Current liabilities			
Trade payables	26	236,042	251,449
Other payables and accruals	27	161,602	139,283
Refund liabilities	28	6,417	6,987
Contract liabilities	29	70,547	40,692
Tax payables		15,749	8,191
Borrowings	30	176,247	63,787
Lease liabilities	31	26,917	24,371
Bank overdrafts	25	5,560	4,549
Redemption liabilities	32	667,903	–
		1,366,984	539,309
Net current assets		1,105,523	1,476,262
Total assets less current liabilities		2,587,064	3,011,090

MANAGEMENT DISCUSSION AND ANALYSIS

		At December 31,	
	NOTES	2025	2024
		RMB'000	RMB'000
Non-current liabilities			
Borrowings	30	333,373	509,573
Lease liabilities	31	93,837	100,780
		427,210	610,353
Net assets		2,159,854	2,400,737
Capital and reserves			
Share capital	33	360,000	360,000
Reserves		1,799,854	2,040,737
Total equity		2,159,854	2,400,737

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of owned properties, owned properties improvement, construction in process and electronic equipment. Our property, plant and equipment remained relatively stable at RMB1,194.1 million as of December 31, 2024 and RMB1,164.5 million as of December 31, 2025.

As at December 31, 2025, the Group's secured bank loans amounting to RMB509,620,000 (2024: RMB573,360,000) were secured by the certain owned land and buildings of the Group with carrying amount of RMB828,470,000 (2024: RMB857,741,000).

Property Interests and Property Valuation

The Company has valued the property interests in 59 office units and 8 commercial units located at Phase I of Optics Valley Innovation World, No. 188 Gaoke Yuanxi Road, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China and included such valuation in the Prospectus. Those property interests are not stated at valuation (or subsequent valuation) in the consolidated financial statements. The valuation of the Company's property interests as at January 31, 2026 amounted to HK\$827.9 million as set out in the Prospectus.

Right-of-Use Assets

Our right-of-use assets primarily consisted of leased properties. Our right-of-use assets decreased by 5.7% from RMB119.0 million as of December 31, 2024 to RMB112.3 million as of December 31, 2025, primarily due to depreciation and amortization, as well as the surrender of leased properties.

Net Current Assets

Our net current assets decreased from RMB1,476.3 million as of December 31, 2024 to RMB1,105.5 million as of December 31, 2025, primarily due to the net combined effect of (1) the reclassification of redemption liabilities of RMB667.9 million and borrowings of RMB112.5 million from non-current liabilities to current liabilities, (2) an increase in bank balances and cash of RMB264.7 million, and (3) an increase in financial assets at FVTPL of RMB256.3 million.

Treasury Policies

We have adopted a prudent financial management approach towards our treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. Our Board closely monitors our liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

Our inventories primarily consisted of (i) finished goods, (ii) goods in transit, and (iii) consumables. Our inventories decreased by 17.3% from RMB572.3 million as of December 31, 2024 to RMB473.2 million as of December 31, 2025, primarily attributable to (i) an increase in our revenue, and (ii) a strategic adjustment to our stocking cycle, which shortened the inventory coverage period.

The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,	
	2025	2024
Inventory turnover days ⁽¹⁾	141.3	164.7

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a period divided by cost of sales for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for a calendar year).

Our inventory turnover days decreased from 164.7 days in 2024 to 141.3 days in 2025, primarily attributable to an increase in revenue and a strategic adjustment to our stocking cycle.

Trade Receivables

Our trade receivables are amounts due for goods sold in the ordinary course of business. Our trade receivables increased by 42.6% from RMB154.6 million as of December 31, 2024 to RMB220.5 million as of December 31, 2025, primarily due to an increase in credit sales to certain major customers in 2025.

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,	
	2025	2024
Trade receivables turnover days ⁽¹⁾	23.1	19.4

Note:

(1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a period divided by revenue for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for a calendar year).

Our trade receivables turnover days increased from 19.4 days in 2024 to 23.1 days in 2025, primarily due to an increase in credit sales to certain major customers in 2025.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments primarily consisted of (i) deductible value-added tax, (ii) refundable value added tax, and (iii) advances to supplier. Our current other receivables, deposits and prepayments increased by 32.8% from RMB120.3 million as of December 31, 2024 to RMB159.7 million as of December 31, 2025, primarily attributable to prepayments for certain strategic partner.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

Our financial assets at FVTPL mainly include structured deposits issued by commercial banks. We had financial assets at FVTPL of RMB506.4 million and RMB762.8 million as of December 31, 2024 and 2025, respectively.

Restricted Bank Deposits

Our restricted bank deposits increased by 85.7% from RMB17.4 million as of December 31, 2024 to RMB32.2 million as of December 31, 2025, primarily attributable to (i) guarantees for customs duties in relation to import and export declarations, and (ii) merchant deposits paid to certain platforms.

Bank Balance and Cash

Our bank balance and cash increased by 49.2% from RMB537.6 million as of December 31, 2024 to RMB802.3 million as of December 31, 2025, primarily due to the growth in our revenue.

Trade Payables

Our trade payables primarily consisted of trade payables to our suppliers of hardware components. Our trade payables decreased by 6.1% from RMB251.4 million as of December 31, 2024 to RMB236.0 million as of December 31, 2025, primarily due to the decrease in closing payable balances from suppliers settled on credit terms.

The following table sets forth our trade payables turnover days for the periods indicated:

	Year ended December 31,	
	2025	2024
Trade payables turnover days ⁽¹⁾	65.9	74.1

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a period divided by cost of sales used for the relevant period and multiplied by the number of days for the relevant period (i.e. 365 days for a calendar year).

Our trade payables turnover days decreased from 74.1 days in 2024 to 65.9 days in 2025, primarily due to the acceleration in overall turnover, driven by the expansion of revenue scale, the increase in carried-forward costs and the decline in closing payable balances.

Other Payables and Accruals (Current)

Our current other payables and accruals primarily consisted of (i) accrued staff costs, (ii) accrued listing expenses, and (iii) other tax payables. Our other payables and accruals increased from RMB139.3 million as of December 31, 2024 to RMB161.6 million as of December 31, 2025, primarily due to (i) an increase in other tax payables, and (ii) an increase in accrued staff costs.

Refund Liabilities

Our refund liabilities primarily relate to the right of return under our return policy during the warranty period. Our refund liabilities decreased by 8.2% from RMB7.0 million as of December 31, 2024 to RMB6.4 million in 2025, primarily due to a decrease in our historical return rate, which led to a decrease in recognized refund liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Contract Liabilities

Our contract liabilities represent the advance payments received from our customers for solutions and solutions to be provided during a period of time in the future. Our contract liabilities increased by 73.4% from RMB40.7 million as of December 31, 2024 to RMB70.5 million as of December 31, 2025, primarily due to an increase in sales of solutions where customers were required to make prepayments, which will be recognized as revenue upon delivery or after service was provided.

Liquidity, financial resources and indebtedness

Our indebtedness primarily includes borrowings, lease liabilities and redemption liabilities. The following table sets forth the breakdown of our total indebtedness as of the dates indicated:

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Borrowings	509,620	573,360
Lease liabilities	120,754	125,151
Bank overdrafts	5,560	4,549
Redemption liabilities	667,903	–
Total	1,303,837	703,060

The bank borrowings are all variable-rate borrowings.

Key Financial Ratios

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the Year	
	ended December 31,	
	2025	2024
Gross profit margin (%) ⁽¹⁾	54.5	50.0
Net profit margin (%) ⁽²⁾	20.3	15.2
Adjusted net profit margin (non-IFRS measure) (%) ⁽³⁾	21.9	15.6
Current ratio ⁽⁴⁾	1.8	3.7
Gearing ratio (%) ⁽⁵⁾	23.0	6.7

Notes:

- (1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin equals profit for the year/period divided by revenue and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "– Non-IFRS Financial Measure."
- (4) Current ratio equals current assets divided by current liabilities.
- (5) Gearing ratio equals net debt divided by total equity and multiplied by 100%. Net debt equals bank borrowing plus lease liabilities plus redemption liabilities minus bank balances and cash.

MANAGEMENT DISCUSSION AND ANALYSIS

Current Ratio

Our current ratio decreased from 3.7 as of December 31, 2024 to 1.8 as of December 31, 2025, primarily due to an increase in current liabilities, mainly attributable to redemption liabilities incurred in 2025.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange for the year ended December 31, 2025, the Corporate Governance Code as set out in Appendix C1 to the Listing Rules was not applicable to us during such period. After the Listing, save as disclosed in “Corporate Governance Report – Corporate Governance Practices”, we will comply with all the code provisions set forth in the Corporate Governance Code.

SIGNIFICANT INVESTMENTS, ACQUISITIONS, AND DISPOSALS

During the year ended December 31, 2025, the Group subscribed to certain wealth management products from Hangzhou Bank, China Merchants Bank, and Bank of China. The fair value of these wealth management products, which are recognized in profit or loss, represented 5% or more of the Company’s total assets as of December 31, 2025:

Bank Name	Principal Amount (RMB in thousands)	Fair Value as of December 31, 2025 (RMB in thousands)	Performance/ Revenue for 2025 (RMB in thousands)	Relative Size Compared to the Company’s Total Assets (%)
Bank of Hangzhou	255,000	256,078	1,078	6.5%
China Merchants Bank	265,000	265,219	219	6.7%
Bank of China	240,000	241,470	1,470	6.1%

The aforementioned bank wealth management products subscribed by the Group are all structured deposit products, which are deposits embedded with financial derivatives. By linking returns to fluctuations in financial market indicators such as interest rates, exchange rates, indices, or the creditworthiness of the entity, these products enable investors to earn corresponding returns while assuming a certain level of risk. The Group believes that the aforementioned bank wealth management products generate better returns for the Group than the nominal interest offered by ordinary bank accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2025, the wealth management products offered by Bank of Hangzhou, China Merchants Bank, and Bank of China generated actual annualized returns of approximately 1.65% to 2.40%. In addition, the risk ratings for the aforementioned wealth management products purchased by the Group were all designated as “R1,” indicating that their risk levels were among the lowest among similar products offered by the banks.

As of the end of the Reporting Period, except as disclosed in this report, the Group had no material investments that are required to be disclosed pursuant to Paragraph 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

During the Reporting Period, the Company did not engage in any significant acquisitions and/or disposals of subsidiaries, associates, or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSET INVESTMENTS

As of the date of this report, save as disclosed in the “Future Plans and Use of Proceeds” section of this report and the Prospectus, did not have any material investments and capital asset plans.

SUBSEQUENT EVENTS

On April 17, 2026, the overall coordinators, on behalf of the international underwriters have partially exercised the over-allotment option in respect of an aggregate of 5,675,700 Shares. The over-allotment Shares were issued and allotted by the Company pursuant to the partial exercise of the over-allotment option at HK\$41.60 per Share. The Company received additional net proceeds of approximately HK\$228.1 million for the 5,675,700 over-allotment Shares to be issued and allotted pursuant to the partial exercise of the over-allotment option. For details, please refer to the announcement of the Company dated April 17, 2026.

Pursuant to the announcement issued by the Company on April 23, 2026, the Company has received a civil statement of claim from Huawei Technologies Co., Ltd. (the “Plaintiff”) alleging that the Company had infringed the Plaintiff’s trademark rights. The Plaintiff’s principal claims are that the Company cease infringing the exclusive rights to the registered trademarks, and that the Company be responsible for compensating the Plaintiff. In the opinion of the directors of the Company, after seeking advice from their legal counsel, given the facts that (1) the Company’s products do not infringe the Plaintiff’s trademark rights and (2) sales of the products as referred to by the Plaintiff in the statement of claim accounted for less than 0.2% of the Company’s revenue for the year ended December 31, 2025, the litigation will not have any material adverse impact on the financial position and performance of the Group.

CONTINGENT LIABILITIES

The Group had no any contingent liabilities as at 31 December 2025.

FOREIGN EXCHANGE

As at December 31, 2025, the Group had no foreign exchange hedging instruments and the Group does not hedge against any fluctuation in foreign currency. However, the Group’s management constantly monitors the economic situation and our Group’s foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Xiang Wei (向偉), aged 44, is our founder, executive Director, Chairman of the Board and general manager. He also serves as the Chairman of the Company's Strategy Committee and is a member of the Nomination Committee.

Mr. Xiang also holds directorships in various subsidiaries of our Company, including FS Wuhan, FS HK, FS Germany, FS U.S., and FS Singapore.

Mr. Xiang obtained his bachelor's degree in civil engineering from Yangtze University (長江大學) in the PRC in June 2004. Mr. Xiang was awarded the Certificate for High-level Professional in Shenzhen (深圳市高層次專業人才證書) by the Human Resources and Social Security Administration of Shenzhen Municipality in May 2020.

Mr. Zeng Di (曾諦), aged 40, is our executive Director, deputy general manager, financial director, Board secretary and joint company secretary. He is also a member of the Remuneration Committee of the Company.

Mr. Zeng joined our Group in December 2019 and has served as the financial director of our Company since then. Mr. Zeng was appointed as our Director, deputy general manager and Board secretary in October 2020. He was redesignated to the position of Executive Director in March 2026 and appointed as joint company secretary.

Mr. Zeng has over 17 years of experience in auditing and financial management. Prior to joining our Group, Mr. Zeng served as deputy financial director at China First Capital Group Limited (中國首控集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 01269), from 2018 to 2019. He previously worked in Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch (德勤華永會計師事務所(特殊普通合夥)深圳分所) for over 10 years from 2007 to 2017.

Mr. Zeng obtained his bachelor's degree in economics from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2007. Mr. Zeng obtained the certificate of PRC Certified Public Accountant Qualification (中國註冊會計師資格證) from Shenzhen Institute of Certified Public Accountant (深圳市註冊會計師協會) in November 2013 and was admitted as a non-practicing member of China Institute of Certified Public Accountants since December 2019, and Certificate of Listed Company Board Secretary Qualification (上市公司董事會秘書資格證書) from Shenzhen Stock Exchange in November 2020.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Peng Chao (彭超), aged 42, is our non-executive Director.

Mr. Peng joined our Group in October 2020 and has served as a Director since then. Mr. Peng was redesignated as a non-executive Director in March 2026.

Mr. Peng has over 18 years of experience in equity investment and company management. Mr. Peng worked at Guosen Securities Co., Ltd. (國信證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002736), from June 2007 to July 2016, and served as the general manager at Shenzhen Grandway Capital Management Co., Ltd. (深圳市嘉遠資本管理有限公司) from August 2016 to December 2022. Mr. Peng has served as (i) an executive director at Hainan Chaoyue Venture Capital Co., Ltd. (海南超越創業投資有限公司) since September 2021; (ii) the general manager at Hainan Chaoyue Venture Capital Co., Ltd. since September 2022; and (iii) a director at Shenzhen Naso Tech Co., Ltd. (深圳市納設智能裝備有限公司), a semiconductor equipment company, since April 2019.

Mr. Peng obtained his bachelor's degree in electronic and communications engineering from University of Nottingham in the U.K. in July 2005, and his master's degree in financial mathematics from University of Warwick in the U.K. in December 2006. Mr. Peng also qualified as a Chartered Financial Analyst by CFA Institute in September 2010.

Mr. Zhao Pan (趙潘), aged 37, is our non-executive Director. He is also a member of the Audit Committee of the Company.

Mr. Zhao joined our Group in May 2025 and has served as a non-executive Director since then.

Mr. Zhao has approximately ten years of experience in compliance and risk control. Since August 2015, Mr. Zhao has consecutively served as risk control manager, risk control director and head of compliance and risk control at Shenzhen Fupeng Asset Management Co., Ltd. (深圳市福鵬資產管理有限公司), which is one of our Shareholders. Mr. Zhao has also served as a director at Guangdong Huada Internet Co., Ltd. (廣東華大互聯網股份有限公司) since July 2018.

Mr. Zhao obtained his bachelor's degree in law from Hunan University of Science and Engineering (湖南科技學院) in the PRC in June 2012 and his master's degree in civil and commercial laws from Southwest University of Political Science and Law (西南政法大學) in the PRC in June 2015. Mr. Zhao obtained Legal Professional Qualification Certificate (法律職業資格) from the Ministry of Justice (司法部) of the PRC in March 2013, Securities Qualification Certificate (證券從業資格證書) from the Securities Association of China (中國證券業協會) in June 2015, Fund Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in December 2018. Mr. Zhao also obtained Junior Accounting Qualification (初級會計職稱) in May 2018 and Intermediate Accounting Qualification (中級會計職稱) in September 2021, from the Ministry of Human Resources and Social Security (人力資源和社會保障部) and the Ministry of Finance (財政部) of the PRC.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ran Long (冉龍), aged 53, is our independent non-executive Director. He also serves as the Chairman of the Company's Nomination Committee and is a member of the Strategy Committee.

Mr. Ran joined our Group in October 2023 and has served as an independent Director since then, and was re-designated as an independent non-executive Director in March 2026.

Mr. Ran has served as the legal representative, general manager and financial director at Beijing Zhongzhi Technology Co., Ltd. (北京眾智科技有限公司) since September 2023. Prior to that, in 2022 and 2023, Mr. Ran served as senior vice president at Beijing Business Inquiry Technology Co., Ltd. (北京商詢科技有限公司). From July 2018 to June 2022, Mr. Ran served as senior vice president at Deep Glint International Co., Ltd. (北京格靈深瞳信息技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688207). From July 2002 to June 2018, Mr. Ran has taken up positions including senior technical solutions expert and senior customer director at Microsoft (China) Co. Ltd. (微軟(中國)有限公司), a wholly owned subsidiary of Microsoft Corporation, whose shares are listed on the Nasdaq (stock ticker: MSFT).

Mr. Ran obtained his bachelor's degree in computer application from Beijing Light Industry School (北京輕工業學院) (currently known as Beijing Technology and Business University (北京工商大學)) in the PRC in July 1996. In November 2023, Mr. Ran obtained the Listed Companies Independent Director Qualification (上市公司獨立董事資格) from Shenzhen Stock Exchange.

Dr. Guo Fei (郭飛), aged 52, is our independent non-executive Director. He also serves as the Chairman of the Company's Audit Committee and is a member of the Remuneration Committee and the Strategy Committee.

Dr. Guo joined our Group in December 2023 and has served as an independent Director since then, and was re-designated as an independent non-executive Director in March 2026.

Dr. Guo has over 28 years of experience in accounting. Dr. Guo has successively served as associate professor, professor and doctoral supervisor at the accounting school of Zhongnan University of Economics and Law since 2009. Prior to that, Dr. Guo served as an industry research senior manager at Minsheng Securities Co., Ltd. (民生證券股份有限公司) from July 2001 to December 2003. Dr. Guo also has abundant experience as independent director. Dr. Guo has served as an independent director of Dongshi Automotive Technology Group Co., Ltd., (東實汽車科技集團股份有限公司) since April 2022, an independent director of China Southern Power Grid Digital Power Research Institute Co., Ltd. (南方電網數字電網研究院股份有限公司) since October 2023 and an independent director of Suzhou Jufu Polymer Materials Co., Ltd. (蘇州聚複科技股份有限公司) since December 2025.

Dr. Guo obtained his bachelor's degree in accounting from Henan Finance and Economics College (河南財經學院) (currently known as Henan University of Finance and Economics (河南財經政法大學)) in the PRC in June 1996, his master's degree in business administration from Kunming University of Science and Technology (昆明理工大學) in the PRC in June 2001, and his doctor's degree specializing in professional research of economics and finance from Curtin University in Australia in May 2009. In December 2015, Dr. Guo obtained the Listed Companies Independent Director Qualification (上市公司獨立董事資格) from Shenzhen Stock Exchange. In December 2020, Dr. Guo was admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Dr. Guo has also served as a member of the Accounting Standards for Business Enterprises Advisory Committee of the Ministry of Finance of the PRC (中國財政部企業會計準則諮詢委員會) since September 2025.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wang Jing (王婧), aged 41, is our independent non-executive Director. She is also the Chairman of the Company's Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Ms. Wang was appointed as an independent non-executive Director in May 2025.

Ms. Wang has served as the managing director and chief legal officer at Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. (上海合弘景暉股權投資管理有限公司) since November 2019. Prior to that, Ms. Wang served as a group senior legal consultant at Kering (China) Enterprise Management Co., Ltd. (開雲(中國)企業管理有限公司) from December 2014 to October 2019 and as an associate at Fangda Partners (方達律師事務所) from September 2007 to November 2014.

Ms. Wang obtained her bachelor's degree in law from Peking University (北京大學) in the PRC in July 2006 and her master's degree in law from the University of Hong Kong in November 2007. Ms. Wang obtained Legal Professional Qualification Certificate (法律職業資格) from the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in February 2009 and Fund Qualification Certificate (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in March 2024.

SUPERVISORS

Ms. Duan Ting (段婷), aged 40, is our Supervisor, Chairman of Supervisory Committee and head of sales.

Ms. Duan joined our Group in April 2009 and has served in the sales department of our Company since then. Ms. Duan consecutively served as salesperson, senior salesperson, sales engineer and head of sales at our Company, and was appointed as a Supervisor and the Chairman of the Supervisory Committee in October 2020.

Ms. Duan obtained her bachelor's degree in English from Central South University (中南大學) in the PRC in June 2008.

Mr. Zhang Denghui (張登輝), aged 35, is our Supervisor and senior process director.

Mr. Zhang joined our Group in December 2012 and has consecutively served as warehouse manager, warehouse and logistics director and senior process director since then. Mr. Zhang was elected and appointed as our employee representative Supervisor in October 2020.

Mr. Zhang graduated from Wuhan University of Technology (武漢理工大學) in the PRC in July 2021, majoring in business enterprise administration (online program).

Ms. Zhu Yue (祝玥), aged 38, is our Supervisor and government affairs manager.

Ms. Zhu joined our Group in April 2010 and has consecutively served as sales manager, internal control manager and government affairs manager of our Company since then. Ms. Zhu was appointed as a Supervisor in October 2020. Ms. Zhu also serves as supervisors at FS Wuhan, a subsidiary of the Company.

Ms. Zhu obtained her bachelor's degree in English from Business School of Hubei University of Technology (湖北工業大學商貿學院) (currently known as Hubei Business College (湖北商貿學院)) in the PRC in June 2010.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Xiang Wei (向偉), is our executive Director, Chairman of the Board and general manager. See “DIRECTORS— Executive Director” in this section for the biographical details of Mr. Xiang.

Mr. Zeng Di (曾諦), is our executive Director, deputy general manager, financial director and joint company secretary. See “DIRECTORS— Executive Director” in this section for the biographical details of Mr. Zeng.

Mr. Li Yang (李洋), aged 35, is our deputy general manager and senior system R&D director.

Mr. Li joined our Group in July 2012 and has consecutively served as head of development, project manager, system development manager, system development director and senior system R&D director since then. In October 2020, Mr. Li was appointed as our deputy general manager.

Mr. Li graduated from Wuhan Railway Branch Party School (武漢鐵路分局黨校) in the PRC in January 2012, majoring in computer application technology (online program).

Mr. Qi Jixiang (齊吉祥), aged 38, is our deputy general manager and senior product R&D director.

Mr. Qi joined our Group in April 2020 and has consecutively served as senior engineer, head of product managers, manager, technology director and senior products R&D director since then. In May 2025, Mr. Qi was appointed as our deputy general manager.

Prior to joining our Group, Mr. Qi served as an engineer at Huawei Technologies Co., Ltd. (華為技術有限公司) from October 2011 to December 2019 and as an engineer at Hongfujin Precision Industry (Wuhan) Co., Ltd. (鴻富錦精密工業(武漢)有限公司) (a subsidiary of Foxconn Technology Group) from August 2009 to October 2011.

Mr. Qi obtained his bachelor’s degree in information management and information system from Wuhan University of Technology (武漢理工大學) in the PRC in June 2009.

JOINT COMPANY SECRETARIES

Mr. Zeng Di (曾諦), is the Executive Director, deputy general manager, Chief Financial Officer and the joint company secretary of our Company. See “DIRECTORS— Executive Director” in this section for his biographical details.

Ms. Sham Ying Man (岑影文) was appointed as the joint company secretary of our Company in March 2026.

She is a senior manager of company secretarial services of Tricor Services Limited, a member of Vistra Group. She has over 25 years of experience in the corporate secretarial field. Ms. Sham has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Sham obtained a bachelor degree of business administration from Lingnan College (currently known as Lingnan University). She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

REPORT OF THE BOARD

The Board hereby submits the annual report for the year ended December 31, 2025, together with the Group's audited consolidated financial statements for the year ended December 31, 2025.

PRINCIPAL BUSINESS

Founded in April 2009, the Company is a global online DTC networking solutions provider delivering scalable, cost-effective and one-stop networking solutions through our proprietary online sales platform, FS.com, under a platform-centric and online-enabled approach. Our solutions primarily include high-performance networking solutions and general networking solutions, supporting a broad range of application scenarios including high-performance computing, data centers, enterprise networks and telecommunications. Built on a decoupled architecture that integrates standardized networking hardware with scalable, cloud-based software capabilities, we provide services spanning pre-sales activities, including product and solution display, sales consulting, technology support, solution design and testing and validation, as well as product delivery and after-sales support. We serve a diversified global customer base across multiple industries and markets, with more than 500,000 customers in over 200 countries and regions worldwide.

The Group's business operations and prospects, as well as the Company's business activities, are set forth in the sections of this report titled "Management Discussion and Analysis – Business Review, Future Plans and Prospects, Year-over-Year Comparison of Operating Results". Details regarding the business operations of the Company's principal subsidiaries are set forth in Note 37 to the financial statements.

RESULTS

The Group's results for the year ended December 31, 2025, and the Group's financial information as of December 31, 2025, are set forth in the audited consolidated financial statements included in this report.

FINANCIAL SUMMARY

A summary of the Group's consolidated results for the past four fiscal years, as well as its consolidated assets, liabilities, and equity, is set forth on page 9 of this report. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

A review of the Group's operations during the Reporting Period and a discussion of future business development are set forth in the sections titled "Management Discussion and Analysis – Business Review" and "Management Discussion and Analysis – Future Plans and Prospects" of this report. Information regarding significant post-Reporting Period events affecting the Group and an analysis of the Group's performance during the year using key financial performance indicators is included in sections such as "Management Discussion and Analysis – Subsequent Events" and "Management Discussion and Analysis – Year-over-Year Comparison of Operating Results" in this report.

Information regarding the Group's investor relations is included in the "Corporate Governance Report" section of this report. Further details regarding the descriptions of the Group's relationships with its employees, customers, suppliers, and other stakeholders, are included in the "Environmental, Social and Governance Report" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The businesses operated by the Company are principally governed by PRC laws. During the Reporting Period, to the best knowledge of the Board, the Group has complied in all material respects with the relevant PRC laws and regulations that have a material impact on the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company has consistently regarded environmental protection as a core driver of its sustainable development strategy. We have implemented a comprehensive environmental metrics system, promoted green operations and advanced low-carbon transition. Through technological innovation and process optimization, we have improved efficiency and reduced emissions, while adopting clean technologies and actively exploring the use of renewable energy, thereby balancing economic growth with sustainable development. The Company has successfully obtained ISO 14001 environmental management system certification, demonstrating its commitment to international environmental standards. The Company will continue to innovate and strengthen its environmental management with a view to building a more efficient and sustainable green development model.

For further details on the environmental policies and performance of the Group, please refer to the "Environmental, Social and Governance Report" in this report.

REPORT OF THE BOARD

PRINCIPAL RISKS AND UNCERTAINTIES

Our operations involve certain risks and uncertainties, some of which are beyond our control. Certain of the principal risks we face include:

Intensified competition in the industry in which we operate, and our business and results of operations may be adversely affected if we fail to compete effectively. Our business growth and prospects depend on our ability to continue to innovate and iterate our networking solutions and technology platform.

Our international operations expose us to various risks and uncertainties.

We experienced significant growth during the Track Record Period; our historical results may not be indicative of our future performance; we may not be able to effectively implement our growth strategies or manage our growth.

Heightened international political tensions, including changes in international trade policies and trade barriers, or any escalation of trade tensions, particularly between China and the United States, may adversely affect our business operations.

SHARE CAPITAL

For details regarding changes in the total number of shares issued by the Company as of the end of the Reporting Period, please refer to Note 33 to the financial statements.

DIVIDEND POLICY AND DIVIDENDS

The declaration and payment of dividends, as well as the amount of such dividends, are subject to the Articles of Association and applicable Chinese laws. The Company has adopted a dividend policy (the “Dividend Policy”) regarding the payment of dividends, which has been in effect since the Company’s listing. The Company’s dividend distribution policy emphasizes providing investors with a reasonable return on their investment. It maintains continuity and stability while balancing the Company’s long-term interests, the overall interests of all shareholders, and the Company’s sustainable development. We will prioritize cash dividends as our primary method of dividend distribution. When conditions permit, the Company may distribute interim dividends. The Board may resolve to pay such interim dividends to the Company’s shareholders as it deems appropriate, and may propose the payment of a final dividend, subject to approval by the shareholders at a general meeting of the Company.

The Board may recommend future dividend distributions after considering our financial performance, working capital requirements, capital expenditure needs, future expansion plans, liquidity position, other internal and external factors that may affect our business operations or financial performance and condition, and any other factors the Board may deem relevant. We do not have a fixed dividend payout ratio. Dividends may only be declared or paid out of profits and reserves available for lawful distribution.

As of the end of the Reporting Period, the Company’s distributable reserves amounted to RMB1,297 million. The Board has resolved that the Company intends to distribute the 2025 final dividend (“**2025 Final Dividend**”) to shareholders in the form of a cash dividend. The total amount of the proposed cash dividend is RMB200,000,000 (including tax). The total number of shares outstanding as of the date the Board approved the final profit distribution plan 405,675,700 shall serve as the basis for calculating the proposed cash dividend. A cash dividend of RMB4.93 (including tax) will be paid for every 10 shares. If there is a change in the Company’s total issued share capital prior to the record date for the equity distribution, the Company intends to maintain the total distribution amount unchanged and adjust the distribution ratio per share accordingly. Cash dividends are denominated and declared in RMB and paid to H share shareholders in HKD. The actual amount paid in HKD is calculated based on the average of the daily HKD-to-RMB mid-market rates published by the People’s Bank of China during the week preceding the general meeting at which the final profit distribution proposal is approved.

REPORT OF THE BOARD

During the Reporting Period, there were no arrangements whereby any shareholder waived or agreed to waive any dividends.

The 2025 final dividend is still subject to approval by the Company's general meeting.

In order to determine the H share shareholders entitled to receive the 2025 final dividend, the Company will suspend the registration of transfers of H share from Monday, June 8, 2026 to Wednesday, June 10, 2026 (both dates inclusive). All shareholders whose names appear on the Company's H share register as of on Wednesday, June 10, 2026 are entitled to receive the 2025 final dividend. To be eligible, H-share shareholders must deliver all share transfer documents, together with the relevant share certificates, to the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, June 5, 2026.

The Company plans to distribute the 2025 final dividend on Tuesday, June 30, 2026 to shareholders listed on the Company's register of H shareholders on Wednesday, June 10, 2026.

TAX IMPLICATIONS

Pursuant to the Individual Income Tax Law of the PRC 《中華人民共和國個人所得稅法》 lastly amended by the SCPNC on August 31, 2018 and came to effect on January 1, 2019 and the Implementation Rules 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》 lastly amended by the State Council on December 18, 2018 and came to effect on January 1, 2019 (the "Individual Income Tax 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. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax 《關於個人所得稅若干政策問題的通知》 issued by the MOF and SAT on May 13, 1994 and effective from the same date, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprises are exempted from individual income tax for the time being.

Pursuant to the Enterprise Income Tax Law of the PRC lastly amended by the SCPNC on December 29, 2018, and came to effect, and the Implementation Regulations of the Law of the PRC lastly amended by the State Council on December 6, 2024, and came to effect on January 20, 2025, the enterprise income tax rate is 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonus received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise but its PRC-sourced income has no real connection with such establishment or premise. Pursuant to the applicable tax regulations, the aforementioned income tax payable by non-resident enterprises shall be levied by way of withholding at source, with the payer acting as the withholding agent and deducting the tax from the payments due to the non-resident enterprise.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares 《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 by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold and remit enterprise 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. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares 《關於非居民企業取得 B 股等股票股息徵收企業所得稅問題的批覆》, which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

REPORT OF THE BOARD

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Arrangement”), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese resident enterprise. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the Chinese resident enterprise. The Fifth Protocol to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, introduced criteria for eligibility for treaty benefits. Notwithstanding other provisions of the Arrangement, if the relevant income is reasonably considered, having regard to all relevant facts and circumstances, to be obtained through an arrangement or transaction one of the principal purposes of which is to obtain, directly or indirectly, a benefit under the Arrangement, such benefit shall not be granted. However, this shall not apply if it is established that granting such benefit under the specific circumstances would be consistent with the object and purpose of the Arrangement. The implementation of the dividend article of the tax treaty must also comply with relevant Chinese tax laws and regulations, including the Notice of the State Taxation Administration on Issues Related to the Implementation of Dividend Clauses under Tax Treaties (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》).

As a PRC resident enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise holders of overseas H shares whose names are listed on the H Shares register of members of the Company (i.e., any shareholder holding H shares in the name of a non-individual shareholder, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H shares registered in the name of other organizations and groups). After receiving dividends, the overseas non-resident enterprise shareholders may apply to the competent tax authorities for enjoying treatment under taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that they are the actual beneficiary under the requirements of such taxation treaties (arrangement). Upon the competent tax authorities have verified that there is no error, the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement) will be refunded.

On June 28, 2011, the State Taxation Administration promulgated the Notice of the State Taxation Administration on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No.348) (《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)) (the “**No.348 Circular**”). Pursuant to the No.348 Circular, overseas resident individual shareholders holding the shares of a domestic non-foreign-invested enterprise issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the Mainland and Hong Kong (Macau). Pursuant to the No.348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend and bonus to be distributed by the domestic non-foreign-invested enterprises whose shares have been issued in Hong Kong, without the need to apply for preferential tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax treaties between the country(ies) of their domicile and the PRC.

REPORT OF THE BOARD

If the individual shareholders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such shareholders.

If the individual shareholders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such shareholders. If such shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such shareholders and according to the relevant tax treaties, for the relevant preferential tax treatment, provided that the relevant shareholders submit the relevant documents and information required by the provisions of the relevant tax treaties in a timely manner. The Company will assist with the tax refund of additional amount of tax withheld and paid subject to the approval of the competent tax authorities.

If the individual shareholders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such shareholders.

If the individual shareholders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such shareholders.

Shareholders are taxed and/or enjoy tax exemption in accordance with the aforementioned regulations.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax implications.

INFORMATION ON TAX RELIEF FOR HOLDERS OF H SHARES

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

SUFFICIENT PUBLIC FLOAT

Based on information available to the Company and to the best of the Directors' knowledge, during the period from the Listing Date to the date of this annual report, at least 15% of the Company's total issued share capital (i.e., the minimum public float required by the Stock Exchange and the Listing Rules) was held by the public.

DISCLOSURE OF INTERESTS

Directors, Supervisors and chief executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures of the Company and Its Associated Corporations

As of December 31, 2025, since the Company is not listed on the Stock Exchange, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance and Section 352 of the Securities and Futures Ordinance did not apply to the Company's directors, supervisors, and chief executives as of December 31, 2025.

REPORT OF THE BOARD

To the best of the knowledge of the directors or the Company's chief executives, as of the date of this annual report, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or (ii) which were required, under section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (iii) which were required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name	Nature of interest	Long Position/ Short Position	Number of shares held directly and indirectly	Approximate percentage of the Company's total share capital ⁽¹⁾
Mr. Xiang Wei	Beneficial owner	Long Position	203,928,528	50.27%
	Interest in controlled corporation ⁽²⁾	Long Position	16,231,373	4.00%
Mr. Peng Chao	Beneficial owner	Long Position	508,680	0.13%
	Interest in controlled corporation ⁽³⁾	Long Position	8,497,194	2.09%

Notes:

- (1) The percentages are calculated based on the total number of 405,675,700 H shares issued as of the date of this annual report.
- (2) Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) ("**Yuxuan Prudence**"), Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) ("**Yuxuan Progress**"), Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) ("**Yuxuan Growth**") as the employee incentive platforms of the Company, holding 11,489,819, 2,650,548, and 2,091,006 shares of the Company's issued shares, respectively. Mr. Xiang Wei is a general partner of Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. Therefore, Mr. Xiang is deemed to have an interest in the shares held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth.
- (3) Shenzhen Chaoyue Future Venture Capital Partnership (Limited Partnership) ("**Chaoyue Future**") and Shenzhen Chaoyue No. 1 Investment Partnership (Limited Partnership) ("**Chaoyue No. 1**") hold 6,860,832 and 1,636,362 shares, respectively, of the Company's issued shares. The general partner of Chaoyue Future and Chaoyue No. 1 is Hainan Chaoyue Venture Capital Co., Ltd., which is owned as to 56% by Mr. Peng Chao. Therefore, Mr. Peng Chao is deemed to have an interest in the shares held by Chaoyue Future and Chaoyue No. 1.

Save as disclosed above, to the best of the knowledge of the directors or the Company's chief executives, as of the date of this annual report, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or (ii) which were required, under section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (iii) an interest or short position required to be separately notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Supervisors' Rights in the Subscription of Shares or Debentures

Save as disclosed above, neither the Company nor any of its subsidiaries has entered into any arrangement whereby a director may, at any time during the year or at the end of the year, derive a benefit through the acquisition of shares or debentures of the Company or any other body corporate.

REPORT OF THE BOARD

Interests and Short Positions of the Substantial Shareholders in the Shares and Underlying Shares

As of December 31, 2025, since the Company is not listed on the Stock Exchange, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO did not apply to the Company's substantial shareholders as of December 31, 2025.

To the best of the knowledge of the directors or the Company's chief executive and based on publicly available information, as of the date of this annual report, the following persons (other than directors, supervisors, and chief executives of the Company) had interests or short positions in shares or underlying shares that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	Nature of interest	Long Position/ Short Position	Number of shares held directly and indirectly	Approximate percentage of the Company's total share capital ⁽¹⁾
Mr. Xiang Wei ⁽²⁾⁽³⁾⁽⁴⁾	Beneficial owner	Long position	203,928,528	50.27%
	Interest in controlled corporation	Long position	16,231,373	4.00%
Mr. Yang Jie ⁽⁵⁾	Beneficial owner	Long position	15,850,897	3.91%
	Interest in controlled corporation	Long position	39,405,738	9.71%
Fupeng No.3 ⁽⁵⁾	Beneficial owner	Long position	39,405,738	9.71%
Fupeng Asset ⁽⁶⁾⁽⁷⁾	Interest in controlled corporation	Long position	56,920,384	14.03%
Jiwang Enterprise ⁽⁶⁾	Interest in controlled corporation	Long position	39,405,738	9.71%
Mr. Chen Baogan ⁽⁶⁾⁽⁷⁾	Interest in controlled corporation	Long position	56,920,384	14.03%
Mr. Lin Shiyi ⁽⁷⁾⁽⁸⁾	Interest in controlled corporation	Long position	21,406,739	5.28%

Notes:

- (1) As of the date of this annual report, 405,675,700 shares have been issued.
- (2) The general partner of Yuxuan Prudence is Mr. Xiang Wei. Accordingly, Mr. Xiang Wei is deemed to have an interest in the 11,489,819 shares held by Yuxuan Prudence.
- (3) The general partner of Yuxuan Progress is Mr. Xiang Wei. Accordingly, Mr. Xiang Wei is deemed to have an interest in the 2,650,548 shares held by Yuxuan Progress.
- (4) The general partner of Yuxuan Growth is Mr. Xiang Wei. Accordingly, Mr. Xiang Wei is deemed to have an interest in the 2,091,006 shares held by Yuxuan Growth.
- (5) The general partner of Gongqingcheng Fupeng Hongxiang No.3 Venture Capital Partnership (Limited Partnership) ("**Fupeng No.3**") is Shenzhen Jiwang Enterprise Management Partnership (Limited Partnership) ("**Jiwang Enterprise**"). Mr. Yang Jie holds 99.92% partnership interests in Jiwang Enterprise. Accordingly, Mr. Yang Jie is deemed to have an interest in the 39,405,738 shares held by Fupeng No.3.
- (6) The general partner of Fupeng No.3 is Jiwang Enterprise, and the general partner of Jiwang Enterprise is Shenzhen Fupeng Asset Management Co., Ltd. ("**Fupeng Asset**") which is in turn wholly owned by Mr. Chen Baogan. As such, each of Jiwang Enterprise, Fupeng Asset and Mr. Chen Baogan is deemed to be interested in the 39,405,738 shares held by Fupeng No.3.
- (7) The general partner of Ningbo Meishan Bonded Port Area Fupeng Hongxiang No. 8 Equity Investment Management Centre (Limited Partnership) ("**Fupeng No.8**") is Fupeng Asset. The largest limited partner of Fupeng No. 8 is Mr. Lin Shiyi who holds approximately 88.87% partnership interests therein. As such, each of Fupeng Asset, Mr. Chen Baogan and Mr. Lin Shiyi is deemed to be interested in the 17,514,646 shares held by Fupeng No. 8.
- (8) The general partner of Xiamen Taiya Phase I Venture Capital Partnership (Limited Partnership) ("**Taiya Investment**") is Xiamen Taiya Dingfu Investment Management Co., Ltd. ("**Taiya Dingfu**") which is owned as to 50% by Mr. Lin Shiyi. Therefore, Mr. Lin Shiyi is deemed to be interested in 3,892,093 Shares held by Taiya Investment.

REPORT OF THE BOARD

Save as disclosed above, as of the date of this annual report, neither the Directors nor the Company's chief executive are aware of any other person (other than the Company's Directors, supervisors, and chief executive) having an interest or short position in the shares or underlying shares of the Company that is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that is recorded in the register required to be maintained by the Company under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, sales to the Group's five largest customers collectively accounted for less than 30% of the Group's total sales for the Reporting Period, and no single customer accounted for 10% or more of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 38.87% of the Group's total purchases during the Reporting Period, while the Group's single largest supplier accounted for 9.5% of the Group's total purchases.

To the best of the Directors' knowledge, during the year ended December 31, 2025, none of the Directors or Supervisors, or their respective close associates, or any shareholder of the Company (who, to the Directors' knowledge, holds more than 5% of our issued share capital) had any interest in any of our five largest suppliers or five largest customers.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on March 23, 2026, and the over-allotment was completed on April 23, 2026. A total of 45,675,700 H Shares with a nominal value of RMB1.00 each, were issued under the Hong Kong Public Offering and the International Offering at an offer price of HK\$41.60 per H Share. The gross proceeds from the issue of H Shares by the Company amounted to HK\$1,900.1 million (equivalent to approximately RMB1,682.4 million). After deduction of the issuance expenses directly attributable to the offering, the net proceeds amounted to approximately HK\$1787.1 million (representing net proceeds of approximately HK\$39.13 per H Share).

REPORT OF THE BOARD

There have been no changes to the use of proceeds and the anticipated timeline previously disclosed in the prospectus. As the H shares were not listed on the Stock Exchange during the Reporting Period and the Company had not yet completed the global offering during the Reporting Period, there is no information regarding the use of proceeds during the Reporting Period to disclose. As of the date of this annual report, the Company's H share fundraising status is as follows:

	Approximate percentage of total proceeds	Net proceeds available (HK\$ million)	Expected timetable for the full utilization of unutilized proceeds⁽¹⁾
Research and development to enhance the digital and intelligent capabilities of our technology platform over the next five years			
(i) Enhance our product and solution development capabilities	15%	268.1	Before December 31, 2031
(ii) Develop the underlying architecture for network device operating systems and cloud-based network management platforms	12.5%	223.4	Before December 31, 2031
(iii) Develop additional features and applications based on our network device operating system and cloud-based network management platform	12.5%	223.4	Before December 31, 2031
To enhance our delivery capabilities in key overseas markets			
(i) To enhance our global supply chain and delivery capabilities	20%	357.4	Before December 31, 2031
(ii) To enhance the manufacturing capabilities of the Singapore Delivery Center	10%	178.7	Before December 31, 2031
Digitization of our network solutions and services business platform			
(i) Invest in the development of our online sales platform	13%	232.3	Before December 31, 2031
(ii) Upgrade our existing digital infrastructure	7%	125.1	Before December 31, 2031
For working capital and general corporate purposes	<u>10.0%</u>	<u>178.7</u>	Before December 31, 2031
Total	<u>100%</u>	<u>1,787.1</u>	

Notes:

(1) The projected timeline for the use of the remaining proceeds is based on the Group's best estimates and is subject to change depending on current and future market conditions.

The Company will use the remaining proceeds from the initial public offering in accordance with the purposes, proportions, and anticipated timetable disclosed in the Prospectus.

REPORT OF THE BOARD

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company's shares were not listed on the Stock Exchange during the Reporting Period. Neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities (including the sale of treasury shares) during the period from the Listing Date (i.e., March 23, 2026) through the date of this annual report. As of the end of the Reporting Period, the Company did not hold any treasury shares.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the Group's property, plant, and equipment for the year ended December 31, 2025, are set forth in Note 16 to the financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

As of the end of the Reporting Period, the Company had retained profit of RMB1,297 million.

For information regarding changes in the Group's reserves as of the end of the Reporting Period and the Company's statement of financial position, please refer to Note 38 "Statement of Financial Position and Reserves of The Company" to the Company's financial statements.

EMPLOYEES AND COMPENSATION POLICIES

Attracting, retaining and motivating qualified employees are important to our success. We believe that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit with high standards and rigorous procedures and through various methods, including campus recruitment, online recruitment and third-party recruiters to select the best-fit personnel for the corresponding positions in response to our various talent demands. We invest in continuing training programs and establish a FS college (飛速學院) for internal employee learning and training, ranging from induction training, orientation, business training, to product training and management trainings, to improve their professional knowledge and management skills, upgrade their skill sets and keep abreast of the industry standards in their respective positions. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward the well-performed with incentives and priority opportunities of promotion.

As of December 31, 2025, the Group had a total of 2,442 regular employees. During the Reporting Period, the Group's total employee compensation amounted to RMB513.17 million (including salaries, bonuses, allowances, subsidies, welfare expenses, directors' remuneration, etc.).

Further information regarding the Company's employees and compensation and welfare policy, is set out in the "Environmental, Social and Governance Report" in this report.

REPORT OF THE BOARD

The Company provides executive directors, supervisors, and senior management with various forms of compensation, including base pay, performance-based pay, and medium – to long-term incentive plans, and provides independent non-executive directors with fixed allowances. Matters concerning the compensation of directors and supervisors shall be decided by the general meeting, while matters concerning the compensation of senior management shall be decided by the Board of Directors. The Board of the Company has established a Remuneration Committee, which is responsible for making recommendations to the Board regarding the compensation policies and structures for all directors, supervisors, and senior management of the Company, as well as for establishing formal and transparent procedures for the formulation of such compensation policies.

Training Plan

We prioritize employee development through a comprehensive career system, diverse growth pathways and competitive benefits. As of December 31, 2025, we conducted employee development training sessions, fostering both individual and organizational growth.

We support employee growth through comprehensive onboarding and professional development programs, enhancing their core competitiveness. Our benefits system includes performance-based bonuses, housing allowances, subsidies and various perks to boost employee satisfaction and team cohesion.

We have established a code of conduct and are committed to making decisions free from any form of discrimination, providing equal employment opportunities to all job applicants and employees. We respect our employees' personal beliefs, cultural customs, and lifestyles, and are dedicated to fostering an open and inclusive work environment.

We place great emphasis on our employees' career development and have established tailored training policies for staff in different departments. These policies help employees acquire the knowledge and skills required for their roles through a diverse range of training programs.

Retirement Benefit Plan

The employees of the Company and the Company's subsidiaries are members of a state-managed retirement benefit scheme operated by the government in PRC, USA, DEU, AUS, GBR, SGP and JPN. These entities are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. As of December 31, 2025, confiscated contributions were not used to reduce contribution levels.

Further information regarding the Group's retirement benefit plan is provided in Note 35 to the financial statements.

REPORT OF THE BOARD

Employee Incentive Plan

To further improve our corporate governance structure, attract and retain management talent and employees, motivate our employees to promote our sustainable development, and balance our long-term and short-term objectives, the Company adopted an employee incentive plan in 2018, which will remain in effect for a period of ten years from the date of adoption. We granted award shares under the Employee Incentive Plan (the “**Employee Incentive Plan**”) to certain eligible participants in August 2018, December 2019, October 2020, March 2022, and March 2025. Upon registration of their interests, plan participants (the “**Participants**”) become limited partners of the Employee Incentive Platform and hold beneficial interests in the Company’s shares through their limited partnership interests in the Employee Incentive Platform. The Employee Incentive Plan constitutes a share scheme under Chapter 17 of the Listing Rules involving the grant of existing shares by the Company and is subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were established in May and July 2018 as our employee incentive platforms. As of the date of this annual report, a total of 16,231,373 shares are held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth.

1. Summary of the Share Incentive Plan

Employee Incentive Plan

Purpose	To further improve our corporate governance structure, attract and retain management talent and employees, motivate our employees to promote our sustainable development, and balance our long-term and short-term objectives.
Participants	Employees of the Group who serve as directors, senior management, or key technical personnel, or other employees deemed important by the working group.
Total Number of Shares	The total number of shares involved in the Employee incentive plan is 16,231,373.

Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth as employee incentive platforms, hold 11,489,819, 2,650,548, and 2,091,006 shares of the Company, respectively. As of December 31, 2025, all of the aforementioned shares had been fully granted.

As of the date of this report, all shares under the Employee Incentive Plan have been issued to the Employee Incentive Platform, and all participants have been granted limited partnership interests in the Employee Incentive Platform pursuant to the Employee Incentive Plan, representing 4.0% of the Company’s issued shares (excluding treasury shares).

REPORT OF THE BOARD

Employee Incentive Plan

Purchase Price and Basis for Determination The purchase price is determined independently by the Company based on fair value.

Maximum number of incentive shares that may be granted Not applicable

Lock-up Period and Unlock Dates The 48-month period following the Company's initial public offering constitutes the share lock-up period, during which participants may not dispose of their partnership interests in any manner, including by way of transfer, pledge, debt repayment, trust management, or any other action that may result in a change in beneficial ownership. Starting from the listing date, the restricted shares held by the incentive recipients will be gradually released over a four-year period and vest in the recipients, with 25% of the shares released each year.

The shares granted under the incentive plan will vest as follows:

- (i) one-quarter of the granted shares will vest on the business day following the first anniversary of the Listing Date; and
- (ii) one-quarter of the granted shares will vest on the business day following the second anniversary of the Listing Date; and
- (iii) one-quarter of the granted shares shall vest on the business day following the third anniversary of the Listing Date; and
- (iv) one-quarter of the granted shares shall vest on the business day following the fourth anniversary of the Listing Date.

During the lock-up period, the general partner of the employee incentive platform may repurchase, or designate a qualified third party acting as a participant to purchase, all or part of the partnership interests granted to a participant in connection with the relevant event, including (i) the mutual termination of the employment contract between the participant and the Company; (ii) the expiration of the employment contract between the participant and the Company, provided that neither party intends to renew the contract; (iii) the participant's resignation due to non-renewal of employment; (iv) termination of the employment contract due to the participant's loss of working capacity; (v) the participant's violation of laws or administrative regulations resulting in significant economic losses to the Company; (vi) the participant's serious misconduct, such as gross negligence, abuse of authority, or bribery, resulting in significant losses to the Company; (vii) the participant's other serious violations of the Company's Articles of Association or rules.

Exercise Period Not applicable

Remaining Term The Employee Incentive Plan is valid for a period of ten years from the date of its adoption in August 2018, provided that it may be terminated by the shareholders in accordance with the terms of the Employee Incentive Plan.

REPORT OF THE BOARD

2. Grant and Unlocking of Incentive Shares

During the Reporting Period, the Company granted 380,257 incentive shares under the Employee Incentive Plan. Details of the changes in such incentive shares during the Reporting Period are set out below. No incentive shares were granted to directors or the five highest-paid individuals during the Reporting Period:

No.	Name	Position	Number of incentive shares granted on March 30, 2025	Grant Price (RMB)	The number of incentive shares granted as a percentage of the Company's total issued share capital as of the date of this report (%)	Number of incentive shares that had lapsed as of January 1, 2025	Number of incentive shares that remain unvested as of January 1, 2025	Number of incentive shares expired in 2025	Number of incentive shares to be unlocked in 2025	The aggregate number of incentive shares that had expired as of December 31, 2025	Number of incentive shares remaining to be vested as of December 31, 2025	
1.	Other eligible participants (employees who serve as senior management or core technical personnel of the Group, or other employees deemed important by the working group)											
	core technical personnel		380,257	6.67	0.09	0	0	0	0	0	380,257	
Total			380,257	6.67	0.09	0	0	0	0	0	380,257	

During the Reporting Period, for the year ended December 31, 2025, no shares vested or were unlocked under the Employee Incentive Plan.

Note: The fair value of the shares granted as set forth in the table above was RMB5.704 million as of the grant date, which was determined by the Company through its own pricing based on a reference to fair value.

REPORT OF THE BOARD

ACCOUNTING STANDARDS AND POLICIES FOR EQUITY INCENTIVES

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

The Group recognizes the cash received from the grantees as a capital contribution from the controlling shareholder(s) of the Company in capital reserve included in other reserves. When shares granted are vested, the amounts previously recognized in share-based payments reserve will be transferred to other reserve. If the grantee leaves the Group before end of the vesting period, the amount previously recognized as capital contribution will remain in the same reserve.

Modification to the terms and conditions and cancellation of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized.

REPORT OF THE BOARD

DIRECTORS

The following is the list of our Directors during the Reporting Period and up to the date of this report:

Executive Directors

Mr. Xiang Wei (*Chairman of the Board and General Manager*)

Mr. Zeng Di

Non-executive Directors

Mr. Peng Chao

Mr. Zhao Pan (*appointed on May 23, 2025*)

Independent Non-executive Directors

Mr. Ran Long

Dr. Guo Fei

Ms. Wang Jing (*appointed on May 23, 2025*)

SUPERVISORS

The Supervisors during the Reporting Period and up to the date of this report were as follows:

Ms. Duan Ting

Mr. Zhang Denghui

Ms. Zhu Yue

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company are set out in the section headed “Directors, Supervisors and Senior Management” of this report.

CHANGES IN DIRECTORS’ INFORMATION

Since the Listing Date and up to the date of this report, there have been no changes to the information of the Directors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company. The principal terms of such service contracts and letters of appointment include: (i) the term of service; and (ii) the terms of termination as specified in the respective terms thereof. Such service contracts and letters of appointment are renewable in accordance with our Articles of Association and applicable laws, rules and regulations.

None of the Directors or Supervisors has entered into, or proposes to enter into, any service contract with the Group which cannot be terminated by the employer within one year without payment of any compensation (other than statutory compensation).

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

During the Reporting Period, neither the Company nor its subsidiaries entered into any transaction, arrangement or contract of significance including the provision of services in which any Director, Supervisor or any entity connected with a Director or Supervisor had a material interest, directly or indirectly.

REPORT OF THE BOARD

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors had any interest in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group that would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Mr. Xiang Wei, being the Controlling Shareholder of the Company, signed a non-competition undertaking in favor of the Company in February 2023, pursuant to which Mr. Xiang Wei has undertaken (among other things):

- (a) he has not and will not directly or indirectly engage in any business or activities that competes or is likely to compete with the business or products of our Company;
- (b) the Group shall have the right of first refusal to engage in new business, neither he nor companies controlled by him shall engage in any similar business; and
- (c) if he or companies controlled by him may obtain any business opportunity which directly or indirectly compete with our Company, he will immediately notify us and procure such business opportunity to be offered to us on reasonable terms and conditions acceptable to us.

The Company has received an annual confirmation from Mr. Xiang Wei in respect of his compliance with the above non-competition undertaking during the Reporting Period.

The independent non-executive Directors have reviewed the non-competition undertaking and assessed whether Mr. Xiang Wei has complied with the non-competition undertaking. The independent non-executive Directors confirm that, during the Reporting Period, Mr. Xiang Wei has not breached the non-competition undertaking.

MANAGEMENT CONTRACTS

Save for employment contracts with employees, our Company did not enter into any contracts nor had any existing contracts in respect of all or any significant part of management and administration of business of our Company during the Reporting Period.

MATERIAL CONTRACTS AND RELATIONSHIPS WITH CONTROLLING SHAREHOLDERS

For the year ended December 31, 2025, save as disclosed in the section headed "Connected Transactions" in this Directors' Report and Note 42 to the financial statements, neither the Company nor any of its subsidiaries entered into any material contract with the Controlling Shareholders (as defined in the Listing Rules) or any of their subsidiaries, nor was any material contract entered into for the provision of services by any Controlling Shareholder or any of their subsidiaries to the Company or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

CONTINUOUS DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company has no disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

REPORT OF THE BOARD

CONNECTED TRANSACTIONS

1. Non-exempt Connected Transactions

During the Reporting Period, the Company did not have any non-exempt one-off connected transactions.

2. Non-exempt Continuing Connected Transactions

The persons set out in the table below are connected persons who have entered into certain transactions with us that constitute continuing connected transactions:

Name of Connected Person	Connected Relationship
Cloud Venture LLC (“ Cloud Venture ”)	Cloud Venture is wholly owned by Ms. Peng Fengli, the spouse of Mr. Xiang Wei

2.1 Cooperation Framework Agreement

On November 16, 2023, we entered into a cooperation framework agreement with Cloud Venture (the “**Framework Agreement I**”), pursuant to which Cloud Venture agreed to grant us the authorization to market and sublicense certain software products of Cloud Venture (the “**CV Software**”), including a network switch operating system and its ancillary intellectual property rights, and in return we agreed to pay Cloud Venture the licensing fee. The Framework Agreement I took effect on November 16, 2023 and will expire on November 15, 2026.

In light of the Company's listing on March 23, 2026, on February 26, 2026, we entered into a further cooperation framework agreement with Cloud Venture (the “**Framework Agreement II**”). Framework Agreement II continues the cooperative arrangements under Framework Agreement I on substantially the same principal commercial terms, and became effective on the Listing Date, lasting until December 31, 2028, to supersede and govern the ongoing cooperation between the parties thereafter.

This transaction constitutes a non-exempt continuing connected transaction under Chapter 14A of the Listing Rules upon listing. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of such transaction. Pursuant to the framework agreements described above, with the authorization of Cloud Venture, the Group may further sub-license/authorize its own clients to deploy the CV Software.

The CV Software is a widely recognized operating system for network switches with stable quality. In our ordinary and usual business, we provide network switches hardware with or without pre-installed operating system as well as standalone network switch operating system software to our clients. Despite most of our clients procure our network switches hardware without pre-installed operating system or with our proprietary in-house network switches operating system, we have obtained such authorization from Cloud Venture since 2023 to offer our client more diversified options. We believe that to continue with the CV Software authorization is in the best interests of the Group and the Shareholders as a whole.

REPORT OF THE BOARD

The revenue arising out of sublicensing the CV Software to Group's clients shall be split between us and Cloud Venture at a fixed rate of 50% and 50%. The revenue sharing percentage is determined through arm's length negotiations between the Company and Cloud Venture taking into consideration the relevant costs incurred by our Company for marketing and sublicensing the CV Software, and the relevant costs incurred by Cloud Venture for the maintenance of CV Software.

During the Reporting Period, the historical transaction amount between us and Cloud Venture was RMB6,364,208.60.

The annual caps under Framework Agreement II for the years ending December 31, 2026, 2027 and 2028 are RMB5,870,000, RMB4,700,000 and RMB2,768,000, respectively.

2.2 Confirmation by Independent Non-executive Directors and the Company's Auditors

The independent non-executive Directors have reviewed the above non-fully exempt continuing connected transactions and confirmed that such transactions were entered into:

- (1) in the ordinary course of business of the Company;
- (2) on normal commercial terms or better; and
- (3) in accordance with the terms of the relevant agreements governing such transactions, which terms are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

As the Company was not a listed company during the year ended December 31, 2025, the requirements for confirmation by independent non-executive Directors and auditors' confirmation under Rules 14A.55 and 14A.56 of the Listing Rules were not applicable to the above continuing connected transactions for the year ended December 31, 2025. The Company will comply with the relevant requirements of the Listing Rules in its subsequent annual reports.

Details of related party transactions entered into by the Group in the ordinary course of business during the Reporting Period are set out in Note 42 to the financial statements. Save as disclosed above, none of the related party transactions set out in Note 42 to the financial statements constitutes a connected transaction or a continuing connected transaction required to be disclosed under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of its connected transactions and continuing connected transactions.

PRE-EMPTIVE RIGHTS

During the Reporting Period, the Company had no arrangements for pre-emptive rights pursuant to PRC laws and the Articles of Association.

MATERIAL LEGAL MATTERS

Save as disclosed in this report, as of the end of the Reporting Period, the Company was not involved in any material litigation or claims. To the best knowledge of the Company, there are no material legal proceedings or arbitrations pending or threatened against the Company.

REPORT OF THE BOARD

AUDITORS

The Company has not changed its auditors since the issuance of H Shares and listing on the Main Board of the Stock Exchange on March 23, 2026.

The Company has appointed Deloitte Touche Tohmatsu as its auditors for the year ended December 31, 2025. Deloitte Touche Tohmatsu has audited the accompanying financial statements, which have been prepared in accordance with IFRS Accounting Standards. Deloitte Touche Tohmatsu was the reporting accountant of the Company during the listing period.

By Order of the Board

FS.COM Limited

Xiang Wei

Chairman of the Board and General Manager

April 28, 2026

REPORT OF THE SUPERVISORY COMMITTEE

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company, in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Articles of Association of FS.COM Limited and other relevant provisions, and in a spirit of responsibility to all Shareholders, diligently fulfilled its duties, conscientiously exercised its powers and obligations, and fully performed its supervisory responsibilities over the Directors and senior management of the Company.

COMPOSITION OF THE SUPERVISORY COMMITTEE

Pursuant to the Articles of Association, the Supervisory Committee of the Company comprises three members, including one employee representative Supervisor and two Shareholder representative Supervisors. Supervisors serve a term of three years and are eligible for re-election upon the expiry of their respective terms.

There were no changes to the Supervisors during the Reporting Period. As of the date of this report, the members of the Supervisory Committee are as follows:

Ms. Duan Ting (*Chairman of the Supervisory Committee*)

Ms. Zhu Yue (*Supervisor*)

Mr. Zhang Denghui (*Employee Representative Supervisor*)

MAJOR WORK OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee convened a total of four meetings. Prior to attending each meeting, all Supervisors carefully reviewed the meeting materials, thoroughly studied and discussed the proposals, and conscientiously performed their supervisory duties. All Supervisors attended the meetings in person during the Reporting Period. The details of the Supervisory Committee meetings are as follows:

1. On March 14, 2025, the Company convened the 10th meeting of the Second Supervisory Committee, the Proposal on Amendments to the Employee Equity Incentive Plans Implemented by the Company and the Proposal on the Implementation of the Fifth Employee Equity Incentive were considered and approved.
2. On April 21, 2025, the Company convened the 11th meeting of the Second Supervisory Committee, the Proposal on Amendments to the Special Rights of the Company's Shareholders and the Proposal on Profit Distribution for 2024 were considered and approved.

REPORT OF THE SUPERVISORY COMMITTEE

3. On April 30, 2025, the Company convened the 12th meeting of the Second Supervisory Committee, the Proposal on the Company's Initial Public Offering of Overseas-Listed Shares (H Shares) and Listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Proposal on the Conversion of the Company's Domestic Unlisted Shares into Overseas-Listed Shares (H Shares) and Listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Proposal on the Use of Proceeds Raised in Connection with the Public Offering of Overseas-Listed Shares and Listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Proposal on Authorizing the Board of Directors and Its Authorized Persons to Handle All Matters Relating to the Initial Public Offering of Overseas-Listed Shares and the Conversion of Domestic Unlisted Shares into Overseas-Listed Shares for Overseas Listing, the Proposal on the Distribution Plan for Retained Undistributed Profits Prior to the Issuance of Overseas-Listed Shares and Listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Proposal on Designating the Authorized Representative of the Board of Directors, the Joint Company Secretaries and the Appointment of Joint Company Secretaries, Non-Hong Kong Company Registration, and the Appointment of an Agent for Service of Legal Process at the Principal Place of Business in Hong Kong, the Proposal on the Formulation of the Articles of Association (Draft) Applicable after the Issuance of Overseas-Listed Shares, the Proposal on the Formulation of the Rules of Procedures of the Supervisory Committee Applicable after the Issuance of Overseas-Listed Shares, the Proposal on the Purchase of Directors', Supervisors' and Officers' Liability Insurance and Prospectus Liability Insurance and Other Insurance Related to the Listing and Issuance and the Proposal on the Engagement of the Company's Listing Auditors were considered and approved.

4. On June 9, 2025, the Company convened the 13th meeting of the Second Supervisory Committee, the Work Report of the Supervisory Committee for 2024, the Financial Statements for 2024, the Self-Assessment Report on Internal Controls for 2024, the Proposal on the Application for Comprehensive Credit Facilities from Banks and Other Financial Institutions by the Company and Its Subsidiaries, the Proposal on the Use of Own Funds for Cash Management, the Proposal on the Estimated External Guarantee Quota for 2025, the Proposal on Matters Relating to the Remuneration of Directors, Supervisors and Senior Management, and the Proposal on the Confirmation of Routine Connected Transactions for 2024 and the Estimates of Routine Connected Transactions for 2025 were considered and approved.

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee conscientiously exercised its powers as conferred by the Company Law, the Articles of Association and other relevant laws, regulations and rules, actively participated in general meetings, attended Board meetings, and supervised the Company's compliance with regulatory requirements, business operations, financial position, internal controls, and the performance of duties by the Directors and senior management. The Supervisory Committee is of the view that: (1) the Board has operated in a well-regulated manner, made reasonable decisions through lawful procedures, conscientiously implemented the resolutions of the general meetings, and faithfully performed its fiduciary duties; (2) the Company has a sound financial system, operates its finances in a regulated manner and maintains a sound financial position, with no material omissions or misstatements in its accounting records, and its financial reports truthfully and objectively reflect the Company's financial position and results of operations; and (3) the Company has a robust internal control system, and its Directors and senior management have strictly complied with applicable laws, and the Articles of Association and other corporate rules, conscientiously exercised the powers conferred by the Shareholders, and have not engaged in any conduct detrimental to the interests of the Shareholders or the Company.

2026 WORK PLAN OF SUPERVISORY COMMITTEE

In 2026, the Supervisory Committee will continue to strictly comply with the Company Law, the Articles of Association and other relevant provisions, faithfully perform the duties of the Supervisory Committee, and supervise and examine the business conduct of the Board and senior management in accordance with the law. In the meantime, the Supervisory Committee will continue to strengthen the implementation of its supervisory functions, conscientiously fulfill its duties, attend Board meetings and relevant office meetings in accordance with the law, keep abreast of the Company's major decisions and the legality and compliance of relevant decision-making procedures in a timely manner, further promote the regulated operation of the Company, further enhance awareness of risk prevention, and protect the rights and interests of all Shareholders, the Company, employees and other stakeholders.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report contained in the annual report of the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE CULTURE AND VALUES

The Company is committed to ensuring that its business is conducted to the highest standards of business ethics, reflecting the Company's firm belief that integrity, transparency and accountability are essential to achieving its long-term business objectives. The Company believes that adherence to this philosophy will, in the long run, generate maximum returns for its Shareholders, while also benefiting its customers, employees and business partners.

Corporate governance is the process by which the Board guides the Group's management on how to operate the business to ensure that business objectives are achieved. The Board is committed to maintaining and establishing sound corporate governance practices to ensure:

- Provision of quality products and services to satisfy its customers;
- Protection of the interests of those who do business with the Company;
- Continuously improve the talent cultivation and development system
- Satisfactory and sustainable returns to Shareholders;
- Maintenance of high standards of business ethics; and
- Understanding and appropriate management of overall business risk.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance, which is fundamental to the Company's development and to safeguarding the interests of its Shareholders, enhancing corporate value, formulating its business strategies and policies, and improving transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of its corporate governance practices, which sets out the principles of good corporate governance.

As the Shares were not listed on the Stock Exchange during the Reporting Period, the CG Code was not applicable to the Company during that period. The Board is of the view that, from the Listing Date up to the date of this report, the Company has complied with all applicable code provisions of the CG Code (version as of June 30, 2025), save for the deviation from Code Provision C.2.1 of the CG Code as set out below.

Pursuant to the Code Provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between Chairman and General Manager should be segregated and should not be performed by the same individual. The Company does not have separate roles of Chairman of the Board and General Manager, as Mr. Xiang currently serves as both the Chairman of the Board and General Manager of the Company. For further details on the deviation, please refer to the section headed "Chairman of the Board and General Manager" in this Corporate Governance Report.

The Board will review the corporate governance framework and practices from time to time and will make necessary arrangements when the Board considers appropriate.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions by its Directors, Supervisors and relevant employees who may be in possession of inside information of the Company. As the Shares were not listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. Having made reasonable enquiries, all Directors and Supervisors have confirmed their compliance with the required standards set out in the Model Code for securities transactions by directors from the Listing Date up to the date of this annual report.

Employees of the Company who may be in possession of unpublished inside information of the Company are also required to comply with the Model Code. From the Listing Date up to the date of this annual report, having made reasonable enquiries by the Company, the Company is not aware of any incident of non-compliance with the Model Code by any employee.

CORPORATE GOVERNANCE MEASURES

The following is a summary of the work undertaken by the Board in determining the corporate governance policies of the Company for the year ended December 31, 2025:

- (a) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a General meeting is to be held for considering proposed transactions in which any one of our Controlling Shareholders or their respective associates has a material interest, our Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (c) we have amended our Articles of Association to comply with the Listing Rules, which has become effective upon Listing. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (d) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

CORPORATE GOVERNANCE REPORT

- (e) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and independent opinion to protect the interests of our Shareholders as a whole;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (g) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Controlling Shareholders, and to protect minority Shareholders' interests.

CORPORATE CULTURE

The Company believes that corporate culture is an essential foundation for its long-term sound operations, sustained innovation and continuous value creation. Corporate culture is reflected not only in the values advocated and codes of conduct within the organization, but also in the Company's understanding of client value, its approach to partner relationships, its emphasis on talent development, and its commitment to Shareholders, society and sustainable development. For a company that serves enterprise clients globally, continuously advances product research and development, and builds its technical services and global operational capabilities, corporate culture is both the accumulated essence of the Company's development and the intrinsic force that drives its continued progress.

Mission: To provide simple and easy-to-use network product solutions for global corporate clients.

Vision: To become a trusted network solution partner for global enterprises through innovative products and digital service capabilities.

Core Values: Open, Learning, Positive, Innovative. The Company advocates an open, inclusive and collaborative communication environment, encourages continuous learning, proactive ownership and innovative breakthroughs, and continuously enhances organizational capabilities and value creation.

CORPORATE GOVERNANCE REPORT

The Company focuses on application scenarios including AI, data centers and enterprise networking, providing a range of software systems, hardware devices and related accessories, and helping clients build efficient and stable digital capabilities through solution design, customized development, technical support and service delivery. The Company upholds a customer-centric approach, and leverages its highly integrated online DTC business model, global supply chain and localized delivery system, as well as its integrated capabilities covering software, hardware and platform services, to continuously enhance its ability to understand, respond to, validate, deliver and service client needs. The Company aspires not only to provide clients with products, but also to become a trusted partner in their digital transformation processes through its solution and service capabilities.

The Company also places great importance on building long-term, stable and mutually trusted collaborative relationships with its partners. As its global presence continues to expand, the Company has continuously improved its supply chain, warehousing, localized services and technical support capabilities, strengthened coordination efficiency and fulfillment capabilities, and promoted joint value creation with partners across the industry chain. The Company believes that a truly sustainable corporate culture is reflected not only within the Company, but also in its relationships with clients, partners and all stakeholders.

In terms of organizational development, the Company adheres to a people-oriented approach, respects and nurtures talent, and is committed to providing employees with a fair, equitable and transparent working and development environment. Guided by the talent philosophy of “applying sound logic, pursuing excellence and growing together”, the Company continuously promotes employee development and organizational capability building. The Company believes that building a trustworthy brand and cooperative image externally, and fostering a professional, efficient and collaborative organizational capability internally, are key to ensuring that corporate culture truly takes root and supports long-term development.

The Company values long-term value creation and is committed to continuously integrating its corporate culture into corporate governance, business operations, partnership ecosystems and social responsibility practices. Since its founding, the Company has continuously promoted the accumulation and evolution of its corporate culture alongside the global expansion of its brand, the development of its supply chain and delivery capabilities, the improvement of its process systems, and the enhancement of its product research and development capabilities. From platform-based operations and global market expansion, to the continuous strengthening of localized delivery capabilities, to the advancement of client-centric process transformation and the strategic shift towards a platform-oriented and systems-oriented model, the Company’s corporate culture has always evolved in tandem with its stage of development and in alignment with its strategic direction, and has gradually become embedded in the Company’s operational character and organizational DNA.

Looking ahead, the Company will continue to enrich and enhance its corporate culture building around client needs, technological innovation, global operations, talent development and long-term value creation, ensuring that its corporate culture is continuously reflected in corporate governance, business operations, partnership ecosystems and social responsibility practices, so as to drive the Company’s long-term, sound and sustainable development.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is led by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board possesses the skills, experience and diversity of perspectives appropriate to the needs of the Company's business, and regularly reviews whether Directors are contributing and devoting sufficient time in a manner commensurate with their roles and the Board's responsibilities in fulfilling their obligations to the Company. The Board maintains a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors), providing the Board with sufficient independence to exercise effective independent judgment. The day-to-day management, administration and operational matters of the Group are delegated to the senior management.

COMPOSITION OF THE BOARD

The composition of the Board and related information as of the Latest Practicable Date are set out below:

Director	Age	Position	Term of Office
Mr. Xiang Wei	44	Executive Director and Chairman of the Board	October 19, 2023 – October 19, 2026
Mr. Zeng Di	40	Executive Director	October 19, 2023 – October 19, 2026
Mr. Peng Chao	42	Non-executive Director	October 19, 2023 – October 19, 2026
Mr. Zhao Pan	37	Non-executive Director	May 23, 2025 – October 19, 2026
Mr. Ran Long	53	Independent Non-executive Director	October 19, 2023 – October 19, 2026
Dr. Guo Fei	52	Independent Non-executive Director	December 11, 2023 – October 19, 2026
Ms. Wang Jing	41	Independent Non-executive Director	May 23, 2025 – October 19, 2026

Notes:

1. For the avoidance of doubt, the date of appointment of each Director refers to the date on which he/she was appointed as a Director following the Company's conversion into a joint stock limited company. For details of the conversion, please refer to the section headed "History, Development and Corporate Structure — Corporate Development — Conversion" in the Prospectus. For the biographical details of the Directors, please refer to the section headed "Biographies of Directors, Supervisors and Senior Management" in this report.

On May 12, 2025, each Director obtained legal advice pursuant to Rule 3.09D of the Listing Rules regarding all applicable requirements of the Listing Rules in his/her capacity as a director of a listed issuer and the consequences of making a false declaration or providing false information to the Stock Exchange, and has confirmed his/her understanding of his/her responsibilities as a director of a listed issuer.

None of the Board members has any relationship with other members of the Board (including financial, business, family or other material/relevant relationships), in particular between the Chairman and the chief executives.

CORPORATE GOVERNANCE REPORT

Board Diversity

As of the date of this report, the diversity analysis of the Board is as follows:

Item	Category	Number	Percentage of Board members
Director type	Executive directors	2	28.57%
	Non-executive directors	2	28.57%
	Independent non-executive directors	3	42.86%
Gender	Male directors	6	85.71%
	Female directors	1	14.29%
Age group	Age 50 and below	5	71.43%
	Age 51-59	2	28.57%
Educational background	Doctoral degree	1	14.29%
	Master's degree	3	42.86%
	Bachelor's degree	3	42.86%
Nationality	China	7	100.00%
Professional/industry experience	10-20 years	5	71.42%
	Over 20 years	2	28.57%

In order to enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Board has adopted a board diversity policy (the “**Board Diversity Policy**”). The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, professional experience, technical skills, professional qualifications, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. As of December 31, 2025, our Board consisted of six male members and one female member, with two executive Directors, two non-executive Directors and three independent non-executive Directors, of ages ranging from 37 to 53. The directors possess a balanced combination of knowledge and skills, including corporate management and strategic development, expertise in legal, investment, and accounting areas, corporate governance, as well as industry knowledge and experience related to the Company's operations and business.

Currently, our three independent non-executive directors come from diverse industry backgrounds, with deep experience in accounting, law and communication fields. They represent more than one-third of the Board members, demonstrating successful implementation of the Board diversity policy. According to the Board diversity policy, our target is to maintain at least a 10% proportion of female representation on the Board. The current composition of the Board complies with this target gender ratio.

We consider that our Board has a balanced mix of skill-set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. In addition, our Supervisory Committee currently consists of two female members and one male member.

CORPORATE GOVERNANCE REPORT

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval.

Employee Diversity

As of December 31, 2025, the Group had a total of 2,442 employees, of whom 825 were male (accounting for 33.78%) and 1,617 were female (accounting for 66.22%). Further details are set out in the “Environmental, Social and Governance Report” in this report. The Board considers the overall gender ratio of the Group’s employees (including senior management) to be satisfactory.

NOMINATION POLICY

The Board has delegated the power to select Directors to the Nomination Committee of the Company.

The Company has in place a director nomination policy setting out the selection criteria and procedures as well as the considerations for the nomination and appointment of Directors in the Board succession plan, with a view to ensuring that the Board maintains a balance of skills, experience and diversity of perspectives applicable to the Company, continuity of the Board, and appropriate leadership at the Board level.

The director nomination policy also sets out the procedures for the selection and appointment of new Directors and the re-election of Directors at general meetings. The Nomination Committee will make recommendations to the Board on the appointment of Directors (including independent non-executive Directors) in accordance with the following selection criteria and nomination procedures:

- (a) the Nomination Committee shall have regard to the requirements of the Listing Rules, the Articles of Association and applicable laws and regulations in identifying candidates with appropriate qualifications for directorship;
- (b) in evaluating candidates, the Nomination Committee will take into account the following factors: (i) relevant qualifications (including skills, knowledge, expertise and experience); (ii) whether the candidate possesses the appropriate required skills and experience; (iii) whether the candidate would contribute to Board diversity in terms of gender, age, cultural and educational background and professional experience; and (iv) in the case of candidates for independent non-executive Directors, whether the candidate meets the independence requirements under Rule 3.13 of the Listing Rules;
- (c) the Nomination Committee shall convene a committee meeting and invite Board members to nominate candidates (if any) for the Nomination Committee’s consideration prior to the meeting. The Nomination Committee may also nominate candidates who have not been nominated by Board members; and
- (d) in respect of the re-appointment of any existing member of the Board, the Nomination Committee shall submit recommendations for the Board’s consideration.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Code Provision C.5.1 of the CG Code stipulates that board meetings shall be held at least four times a year at approximately quarterly intervals, with active participation of a majority of directors in person or through electronic means of communication. As the Company was listed on the Stock Exchange on March 23, 2026, the Board has held one meeting from the Listing Date up to the date of this annual report to review and approve (among other things) the 2025 Annual Report and to discuss and propose various resolutions to be put to the general meeting.

The Company expects to continue to hold at least four regular meetings per financial year in accordance with Code Provision C.5.1 of the CG Code, convened by the Chairman of the Board with written notice given to all Directors and Supervisors at least 14 days before the meeting together with sufficient information. For other Board meetings and Board committee meetings, the Company will generally give reasonable notice.

Board meetings shall be held only if a majority of the Directors are present. Resolutions of the Board must be passed by a majority of all Directors, unless otherwise provided by laws, regulations and the Articles of Association or otherwise agreed by all Shareholders. Voting on Board resolutions is conducted on a one-person-one-vote basis. Where the votes against and votes in favor are equal, the Chairman of the Board has the casting vote.

In addition to regular Board meetings, pursuant to Provision C.2.7 of the CG Code, the Chairman shall meet with the independent non-executive Directors at least annually without other Directors present. On April 28, 2026, Mr. Xiang Wei (Chairman of the Board) held a meeting with all independent non-executive Directors without other Directors present. Mr. Xiang Wei is responsible for the duties set out in Code Provisions C.2.2 to C.2.9 of the CG Code. The Board, Supervisory Committee and senior management are comprised of experienced and capable individuals, which ensures a balance of power and authority.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Article 104 of the Articles of Association, Directors are elected or replaced by the general meeting. Any Director (including executive Directors) may be removed by the general meeting by ordinary resolution before the expiry of his/her term of office, subject to compliance with applicable laws, administrative regulations, departmental rules, normative documents and the Listing Rules. Directors serve a term of three years and are eligible for re-election upon the expiry of their terms.

A Director's term of office commences from the date of his/her assumption of office and ends upon the expiration of the term of the then-current Board. If a Director is not replaced in a timely manner upon the expiry of his/her term, the incumbent Director shall continue to perform his/her duties as a Director in accordance with applicable laws, administrative regulations, departmental rules, the Listing Rules, other applicable regulatory rules of the place of listing of the Company's shares and the Articles of Association, until a newly elected Director assumes office.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING

The Company and its professional advisers continuously arrange training and provide relevant materials to Directors on matters including legal and regulatory developments, business and market environment updates, and other relevant topics to assist Directors in performing their duties. From the Listing Date up to the date of this annual report, all Directors of the Company have attended training related to the duties of directors of listed companies and their continuing professional development, primarily through reading training materials and attending training courses, as set out in the table below.

Name of Director	Type of training
Xiang Wei	A/B
Zeng Di	A/B
Peng Chao	A/B
Zhao Pan	A/B
Ran Long	A/B
Guo Fei	A/B
Wang Jing	A/B

Note:

Types of training are categorized as:

- A: Attending training courses, including but not limited to topical training sessions (whether online or in-person); and
- B: Reading training materials, including but not limited to professional training materials on business development, corporate governance, legal compliance and sustainability.

POWERS EXERCISED BY THE BOARD AND MANAGEMENT

The general meeting is the organ of authority of the Company. The Board is the decision-making body for the Company's operations, management and significant matters, and is accountable to the general meeting. It sets the strategic direction and makes major decisions for the Company, and supervises the performance of duties by senior management. All Directors of the Company (including independent non-executive Directors) bring multi-disciplinary business experience, knowledge and expertise to the Board, enabling it to function efficiently and effectively.

All Directors of the Company have full and timely access to all information of the Group and may, if appropriate, seek independent professional advice at the Company's expense in order to properly perform their duties.

The Company has one General Manager, who is appointed or removed by the Board. The General Manager serves a term of three years and is eligible for re-appointment upon the expiry of each term. The General Manager is accountable to the Board and exercises his/her powers in accordance with the Articles of Association or as authorized by the Board. The General Manager shall attend Board meetings.

CORPORATE GOVERNANCE REPORT

CHAIRMAN OF THE BOARD AND GENERAL MANAGER

Pursuant to Code Provision C.2.1 of Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of the Chairman and the General Manager should be separate and not performed by the same individual. We do not have separate roles of Chairman and General Manager, as Mr. Xiang Wei currently performs both roles. Our Board is of the view that having the same individual serve as both Chairman of the Board and General Manager is beneficial in that it (i) ensures consistency of internal leadership within the Group, (ii) makes the overall strategic planning of the Group more effective and efficient, and (iii) facilitates the flow of information between management and the Board. Our Board considers that the balance of power and authority under the existing arrangement will not be impaired, and that this structure will enable the Company to make and implement decisions swiftly and effectively. The Board will continue to review and consider, at an appropriate time and taking into account the overall circumstances of the Group, whether to separate the roles of executive Chairman of the Board and General Manager.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board is comprised of a balanced mix of executive Directors, non-executive Directors and independent non-executive Directors, ensuring the independence of the Board in making decisions that affect the Company. In particular, (a) our independent non-executive Directors are not associated with any Controlling Shareholder or their respective close associates; (b) our independent non-executive Directors constitute more than one-third of the Board; and (c) our independent non-executive Directors collectively possess the necessary knowledge, expertise and experience to render their views authoritative. In light of the foregoing, the Directors believe that the independent non-executive Directors are able to bring impartial and sound judgment to the Board's decision-making process and to safeguard the overall interests of the Company and its Shareholders.

From the Listing Date up to the date of this annual report, the Board has at all times complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors, at least one of whom must possess appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules regarding the appointment of independent non-executive Directors representing at least one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

The Board confirms that corporate governance is a collective responsibility of the Directors, and the corporate governance functions include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

BOARD COMMITTEES

The Company has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee has been established pursuant to Rule 3.21 of the Listing Rules (independent non-executive Director).. The Audit Committee comprises three Directors, namely Dr. Guo Fei, Mr. Zhao Pan (non-executive Director) and Ms. Wang Jing (independent non-executive Director). Dr. Guo Fei currently serves as the Chairman of the Audit Committee and possesses the appropriate qualifications required under Rules 3.10(2) and 3.21 of the Listing Rules. The principal duties of the Audit Committee are as follows:

(I) Relationship with the Company's External Auditor

1. To propose the appointment, re-appointment, removal or replacement of external auditor and make recommendations to the Board in that regard, to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues relating to the resignation or dismissal of such auditors;
2. To review and monitor the independence and objectivity of external auditor and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor the nature, scope and related reporting responsibility before the audit commences;
3. To formulate and implement policies relating to the provision of non-audit services by external auditor. For the purpose of this clause, external auditor includes any entity under common control, ownership or management with the auditors and any entity that a reasonable and informed third party would reasonably conclude to be part of the local or international operation of the external auditor. The Audit Committee shall advise the Board on any actions or improvements and measures to be taken and make proposals;
4. To act as the representative of the Company and the external auditor and to monitor the relationship between them;

(II) Review of the Company's Financial Information

1. To monitor the integrity of the Company's financial statements and the annual report and accounts, half-year report and quarterly reports (if any), and to review significant financial reporting judgments contained therein. Before submitting such statements and reports to the Board, the Committee shall in particular review the following:
 - (1) any changes in accounting policies and practices;
 - (2) areas involving significant judgments;
 - (3) significant adjustments arising from the audit;
 - (4) the going concern assumption and any qualifications;
 - (5) compliance with accounting standards; and
 - (6) compliance with the Listing Rules and statutory requirements in relation to financial reporting;

CORPORATE GOVERNANCE REPORT

2. For the purposes of paragraph 1 above:
 - (1) members of the Committee shall communicate with the Board and senior management. The Committee shall meet with the Company's external auditor at least twice a year; and
 - (2) the Committee shall consider any significant or unusual matters that are or may need to be reflected in such reports and accounts, and shall give due consideration to any matters raised by the Company's accounting and financial reporting staff, compliance officers or external auditor;

(III) Supervision of the Company's Financial Reporting and Internal Control Procedures

1. To review and evaluate the Company's risk management systems, financial controls, risk management and internal control systems;
2. To discuss with management the internal control systems to ensure that management has fulfilled its duties in establishing an effective system. The discussion shall include the adequacy of resources, staff qualifications and experience in the Company's accounting and financial reporting function, and the adequacy of training courses and related budgets for such staff;
3. To consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
4. To ensure that the work of the internal auditors and external auditor is coordinated; to ensure that the internal audit function has adequate resources and is accorded an appropriate status within the Company; and to review and monitor its effectiveness;
5. To review the financial and accounting policies and practices of the Group;
6. To review the management letters issued by the external auditor, any material queries raised by the external auditor to management in respect of accounting records, financial accounts or control systems, and management's responses thereto;
7. To ensure that the Board responds in a timely manner to matters raised in management letters issued by the external auditor;
8. To report to the Board on the above matters and such other matters as are set out in Code Provision D.3.3 of Appendix C1 to the Listing Rules of The Stock Exchange of Hong Kong Limited (as amended from time to time);
9. To review such other topics as may be defined by the Board;
10. To review the arrangements established by the Company under which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal controls or other matters. The Audit Committee shall ensure that appropriate arrangements are in place for the Company to conduct a fair and independent investigation of such matters and to take appropriate action;

CORPORATE GOVERNANCE REPORT

(IV) Others

1. Other duties as set out in the Articles of Association;
2. Other matters as required by laws, regulations and securities regulatory rules of the place of listing of the Company's shares, and as authorized by the Board;
3. The Company shall provide sufficient resources to the Audit Committee to enable it to perform its duties.

The Company was listed on the Stock Exchange on March 23, 2026. From the Listing Date up to the date of this annual report, the Audit Committee has held one meeting to review and approve the 2025 financial statements and the 2025 annual report, consider the report issued by the Compliance and Risk Management Department of the Company on the review and procedures of the internal control and risk management systems of the Company, and consider the re-appointment of the external auditor.

The attendance record of the Audit Committee is set out in the section headed "Attendance Records for Board Meetings, Board Committee Meetings and General Meetings".

The Audit Committee supervises and monitors the risk management and internal control systems of the Company on an ongoing basis and reviews with our external auditor and management periodically, and not less than annually, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management and internal control systems, and any related significant findings regarding risks or disclosures and considers recommendations for improvement of such controls. The review should cover all material controls, including financial, operational and compliance controls. Further details regarding the annual review conducted by the Audit Committee are set out in the section headed "Risk Management and Internal Control".

Remuneration Committee

The Remuneration Committee has been established pursuant to Rule 3.25 of the Listing Rules. The Remuneration Committee comprises three Directors, namely Ms. Wang Jing (independent non-executive Director), Dr. Guo Fei (independent non-executive Director) and Mr. Zeng Di (executive Director). Ms. Wang Jing currently serves as the Chairman of the Remuneration Committee. The principal duties of the Remuneration Committee are as follows:

- (I) Studying the appraisal criteria for Directors and senior management, conducting appraisals and making recommendations;
- (II) Studying and reviewing the remuneration policies of Directors and senior management of the Company in accordance with the corporate policies and objectives set by the Board and the positions, duties and scope of work of Directors and senior management with reference to the remuneration levels of relevant positions in the same region, of the same industry or among the competitors, and making recommendations to the Board on the establishment of formal and transparent procedures;
- (III) Reviewing the performance of duties by the Directors and senior management of the Company every year and conducting annual performance appraisal on them, formulating annual remuneration plans and further reward and punishment plans based on the appraisal results, and submitting them to the Board for consideration and monitoring the specific implementation of such plans;

CORPORATE GOVERNANCE REPORT

- (IV) Reviewing and approving the remuneration proposals of the management with reference to the corporate policies and objectives set by the Board;
- (V) Evaluating the remuneration system of the Company and reviewing and supervising its implementation, and reviewing and approving the remuneration proposals of the management in accordance with the corporate policies and objectives set by the Board;
- (VI) Determining the remuneration packages of individual executive Directors and senior management under the authority delegated by the Board, or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management. Such remuneration packages include non-pecuniary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (VII) Making recommendations to the Board on the remuneration of non-executive Directors;
- (VIII) Supplementing and revising the remuneration structure and remuneration system in line with the development of the market and the Company;
- (IX) Taking into account the remuneration paid by comparable companies, the time commitment required, duties and responsibilities, and the employment conditions of other positions within the Group;
- (X) Reviewing and approving compensation payable to executive Directors and senior management for loss or termination of office or appointment to ensure that such compensation is consistent with the terms of the contract, and where it is not consistent with the terms of the contract, that such compensation is fair and reasonable and not excessive;
- (XI) Reviewing and approving compensation arrangements relating to the dismissal or removal of Directors due to misconduct to ensure that such arrangements are consistent with the terms of the contract, and where they are not consistent with the terms of the contract, that such compensation is reasonable and appropriate;
- (XII) Ensuring that no Director or any of his associates shall determine his own remuneration;
- (XIII) Reviewing and/or approving matters relating to share schemes as set out in Chapter 17 of the Listing Rules;
- (XIV) Considering and implementing such other matters as may be defined or delegated by the Board from time to time or as required by the Listing Rules; and
- (XV) Other duties as stipulated in the Articles of Association and such other matters as may be authorized by the Board.

CORPORATE GOVERNANCE REPORT

In respect of the remuneration of executive Directors and senior management, the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The Company was listed on the Stock Exchange on March 23, 2026. From the Listing Date up to the date of this annual report, the Remuneration Committee held one meeting to consider the remuneration of the Directors, Supervisors and senior management of the Company. The Board will disclose the relevant meeting details in the next annual report in accordance with the requirements of the CG Code.

The attendance record of the Remuneration Committee is set out in the section headed “Attendance Records for Board Meetings, Board Committee Meetings and General Meetings”.

Nomination Committee

The Nomination Committee has been established pursuant to Rule 3.27A of the Listing Rules. The Nomination Committee comprises three Directors, namely Mr. Ran Long (independent non-executive Director), Mr. Xiang Wei (executive Director) and Ms. Wang Jing (independent non-executive Director). Mr. Ran Long currently serves as the Chairman of the Nomination Committee. The principal duties of the Nomination Committee are as follows:

- (I) Reviewing the structure, diversity, size and composition of the Board (including skills, knowledge and experience) at least annually in accordance with the relevant provisions of the Company Law and having regard to the specific circumstances of the Company’s shareholding structure, and making recommendations on any proposed changes to the Board to complement the issuer’s corporate strategy. In considering the composition of the Board, diversity shall be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background and professional experience;
- (II) Studying the criteria and procedures for the selection of Directors and senior management, identifying candidates with appropriate qualifications, and making recommendations to the Board;
- (III) Conducting a broad search for qualified candidates for directorship and senior management positions;
- (IV) Reviewing and evaluating the implementation of the Board diversity policy to ensure its continued effectiveness, and, where necessary, amending or recommending amendments to the Board diversity policy to the Board;
- (V) Assessing the independence of independent non-executive Directors;
- (VI) Making recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (in particular the Chairman of the Board and the General Manager); and
- (VII) Other duties as stipulated by relevant laws, administrative regulations, the Listing Rules, the Articles of Association, and other matters authorized by the Board.

The Company was listed on the Stock Exchange on March 23, 2026. From the Listing Date up to the date of this annual report, the Nomination Committee has not held any meetings. The Board will disclose the relevant meeting details in the next annual report in accordance with the requirements of the CG Code.

The attendance record of the Nomination Committee is set out in the section headed “Attendance Records for Board Meetings, Board Committee Meetings and General Meetings”.

CORPORATE GOVERNANCE REPORT

Strategy Committee

The Strategy Committee has been established pursuant to the Listing Rules. The Strategy Committee comprises three Directors, namely Mr. Xiang Wei (executive Director), Dr. Guo Fei (independent non-executive Director) and Mr. Ran Long (independent non-executive Director). Mr. Xiang Wei currently serves as the Chairman of the Strategy Committee. The principal duties of the Strategy Committee are as follows:

- (I) to conduct research and provide recommendations on the Company's medium-to-long-term development strategic plans;
- (II) to conduct research and provide recommendations on the Company's significant investment and financing decisions;
- (III) to conduct research and provide recommendations on the Company's major strategic development projects;
- (IV) to conduct research and provide recommendations on other significant matters that affect the Company's development;
- (V) to inspect the matters listed above; and
- (VI) to complete any other matters as authorized by the Board.

The Company was listed on the Stock Exchange on March 23, 2026. From the Listing Date up to the date of this annual report, the Strategy Committee held one meeting to consider the 2025 work report of the General Manager. The Board will disclose the relevant meeting details in the next annual report in accordance with the requirements of the CG Code.

The attendance record of the Strategy Committee is set out in the section headed "Attendance Records for Board Meetings, Board Committee Meetings and General Meetings".

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, Supervisors and chief executive are set out in Note 12 to the financial statements. The remuneration of other individuals who served as senior management of the Company (excluding executive Directors, whose biographical details are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report) during the Reporting Period fell within the following bands:

Emolument Bands	Number
Below RMB1,000,000	1
RMB1,000,000 to RMB2,000,000 (inclusive)	1
Total	2

CORPORATE GOVERNANCE REPORT

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals are set out in note 13 to the financial statements.

During the Reporting Period, the Company did not pay any inducement payments to any Director, Supervisor or any of the five highest-paid individuals for joining the Group or for services rendered upon joining, nor did it make any compensation payments in connection with their departure. In addition, no Director or Supervisor waived or agreed to waive any remuneration during the Reporting Period.

BOARD INDEPENDENCE MECHANISMS

The Board has established mechanisms to ensure that it has access to independent views and opinions.

The Company recognizes that Board independence is key to good corporate governance. The Company has put in place effective mechanisms to support the independence of the Board and to ensure that the Board has access to independent views and advice. The current composition of the Board (including more than one-third of the members of the Board as independent non-executive Directors) and the fact that all members of the Audit Committee are non-executive Directors already complied with the independence requirements under the Listing Rules. The Remuneration Committee and the Audit Committee are each chaired by an independent non-executive Director. The remuneration of independent non-executive Directors is subject to periodic review to remain competitive and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed at the time of his/her appointment and on an annual basis thereafter.

Directors are required to declare any direct or indirect interest (if any) in any proposal or transaction considered at Board meetings, and to abstain from voting as appropriate. All Directors (including independent non-executive Directors) have access to external independent professional advice whenever they consider it necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to perform their duties on the Board.

The Company has also established both formal and informal channels through which independent non-executive Directors may express their views openly or in confidence as circumstances require.

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as of the date of this annual report, all independent non-executive Directors are independent.

During the Reporting Period, the Group has fully complied with the above-mentioned requirements. Having reviewed the implementation of the above mechanisms, the Board is of the view that such mechanisms are effective in ensuring that the Board receives independent views and opinions.

ATTENDANCE RECORDS FOR BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

As the Company's H Shares were not yet listed on the Main Board of the Stock Exchange during the Reporting Period, the attendance records of Directors at Board meetings, Board committee meetings and general meetings during the Reporting Period are not disclosed in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

From the Listing Date up to the date of this annual report, the Company held 1 Board meeting, 1 Audit Committee meeting, 1 Remuneration Committee meeting and 1 Strategy Committee meeting. The relevant attendance records of Board meetings, Board committee meetings and general meetings are set out below:

Name of Director	Board meetings attended/ number of meetings required to attend	Audit Committee meetings attended/ number of meetings required to attend	Remuneration Committee meetings attended/ number of meetings required to attend	Nomination Committee meetings attended/ number of meetings required to attend	Strategy Committee meetings attended/ number of meetings required to attend	General meetings attended/ number of meetings required to attend
Mr. Xiang Wei	1/1	0/0	0/0	0/0	1/1	0/0
Mr. Zeng Di	1/1	0/0	1/1	0/0	0/0	0/0
Mr. Peng Chao	1/1	0/0	0/0	0/0	0/0	0/0
Mr. Zhao Pan	1/1	1/1	0/0	0/0	0/0	0/0
Mr. Ran Long	1/1	0/0	0/0	0/0	1/1	0/0
Dr. Guo Fei	1/1	1/1	1/1	0/0	1/1	0/0
Ms. Wang Jing	1/1	1/1	1/1	0/0	0/0	0/0

DIRECTORS' FINANCIAL REPORTING RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing financial statements for each financial year that give a true and fair view of the financial position of the Company and of its results and cash flows for the relevant period. In preparing the financial statements for the year ended December 31, 2025, the Board selected and applied appropriate accounting policies, made prudent, fair and reasonable judgments and estimates, and prepared the financial statements on a going concern basis. The Board is responsible for maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial information of the Company.

The statement of responsibilities of the external auditor of the Company in respect of the financial statements is set out in the Independent Auditor's Report on pages 113 to 117 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board acknowledges its responsibility for the risk management and internal control systems and for reviewing the effectiveness of such systems. The Board is responsible for ensuring that our Group establishes and maintains appropriate and effective risk management system and internal control system, overseeing the management in the design, implementation and monitoring of such systems and ensuring that review of the effectiveness of such systems is conducted at least annually. We have established an internal audit department, have established and continue to maintain risk management and internal control systems consisting of policies and procedures that are appropriate for our business operations, and we are dedicated to continuously improving and implementing these systems to ensure our policies and implementation are effective and sufficient.

CORPORATE GOVERNANCE REPORT

The Company has formulated measures for information disclosure management to provide guidance on the management, protection, and appropriate disclosure of non-public information. All directors, supervisors, management, and employees of the Company are required to strictly comply with the legal requirements, rules, regulations concerning insider information confidentiality, and the Company's internal policies regarding inside information.

We have engaged an internal control consultant to review the internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management and internal control policies and procedures, adopt strict accountability internally and conduct compliance training. Our Directors are of the view that our risk management and enhanced internal control system is adequate and effective for our current operations.

CAPITAL RISK MANAGEMENT

The Company manage its capital to ensure that the Company and entities under the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged.

The capital structure of the Group consists of net debt and total equity attributable to owners of the Company. Net debt comprise bank overdrafts, lease liabilities, redeemable liabilities and borrowings, less bank deposits and cash. Total equity attributable to owners of the Company includes share capital, share premium and retained profits.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

AUDIT COMMITTEE EXPERIENCE AND QUALIFICATIONS AND SUPERVISION BY THE BOARD

To monitor the ongoing implementation of our risk management policies, we have established the Audit Committee to continuously review and monitor our financial reporting processes and internal control systems, so as to ensure that our internal control systems can effectively identify, manage and mitigate the risks associated with our business operations. The Audit Committee comprises three members, namely Dr. Guo Fei, Mr. Zhao Pan and Ms. Wang Jing. Dr. Guo Fei has over 28 years of experience in accounting. Dr. Guo has held various positions at the School of Accounting of Zhongnan University of Economics and Law since 2009, including associate professor, professor and doctoral supervisor. In December 2020, Dr. Guo was registered as a member of the Chinese Institute of Certified Public Accountants. Dr. Guo has also served as a member of the Accounting Standards Advisory Committee of the Ministry of Finance of the PRC since September 2025. Dr. Guo serves as the Chairman of the Audit Committee and an independent non-executive Director.

Risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss. For details of the principal risks faced by the Group, please refer to the section headed "Report of the Board – Principal Risks and Uncertainties" in this report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

As owners of the Company, Shareholders enjoy the rights conferred by applicable laws, administrative regulations and the Articles of Association. The general meeting is the supreme organ of authority of the Company, and Shareholders exercise their powers through the general meeting.

CONVENING OF GENERAL MEETING

The independent non-executive Directors shall have the right to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations, the Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving the proposal from the independent non-executive Directors.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the laws, administrative regulations, the Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Any changes to the original proposal made in the notice shall be approved by the Supervisory Committee.

If the Board does not agree to convene the extraordinary general meeting or fails to give a reply within 10 days after receiving the proposal, the Board shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the Supervisory Committee may convene and preside over the meeting on its own.

Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board in writing to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

CORPORATE GOVERNANCE REPORT

If the Supervisory Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Supervisory Committee will not convene and preside over the general meeting, and shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.

PUTTING FORWARD PROPOSALS AT GENERAL MEETING

Proposals at the general meeting shall be governed by such meeting, with definite subjects and specific matters pending resolution, and shall comply with the relevant provisions under the laws, administrative regulations, the Listing Rules, other regulatory rules of the place where the Company's shares are listed and the Articles of Association.

At the general meeting, the Board of Directors, the Supervisory Committee and the shareholder(s) individually or jointly holding 1% or more shares of the Company may propose a proposal to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit interim proposals to the Board in writing no later than 10 days before the general meeting is convened. Such interim proposals shall have definite subjects and specific matters pending resolution. The Board shall issue a supplementary notice of the general meeting within two days of receiving the proposal, announcing the content of the interim proposal. If, pursuant to the requirements under the securities regulatory rules of the place where the Company's shares are listed, the general meeting must be postponed due to the issuance of the supplementary notice, the general meeting shall be postponed in accordance with the securities regulatory rules of the place where the Company's shares are listed.

Save for the circumstances specified in the above provisions or such other circumstances as permitted by the applicable laws, the convener after sending a notice of meeting shall not modify the proposal listed in the notice of meeting or add a new proposal.

The general meeting shall not vote or resolve on a proposal not listed in the notice of meeting or not in compliance with Article 60.

ENQUIRIES TO THE BOARD

Any Shareholder who has individually or jointly held 3% or more of the Company's shares for a period of more than 180 consecutive days may request to consult the Company's accounting books and accounting, he/she shall submit a written request to the Company and explain the purpose. If the Company has reasonable grounds to believe that the purpose of the Shareholder's access to the accounting books and accounting vouchers is illegitimate and may damage the Company's legitimate interests, it may refuse to provide access and shall reply to the Shareholder in writing within 15 days from the date of the Shareholder's written request and explain the reasons. If the Company refuses to provide access, the Shareholder may initiate a lawsuit in the People's Court. The provisions of Article 35 of the Articles of Association shall apply to any Shareholder who requests to inspect or copy relevant materials of the Company's wholly-owned subsidiaries.

Shareholders who propose to inspect or copy the relevant information as described in the preceding sub-paragraph or request materials shall comply with the applicable administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and other laws and administrative regulations, and provide the Company with written documents proving the type and number of shares they hold in the Company. After verifying the Shareholder's identity, the Company shall provide the information as requested by the Shareholder.

CORPORATE GOVERNANCE REPORT

CONTACT DETAILS

Shareholders may submit the aforesaid enquiries to the Company through the following means. For the avoidance of doubt, Shareholders shall deliver or send the duly signed original written enquiry to the contact details set out below, and shall provide their full name, contact details and identification information so as to enable the Company to respond.

Address: 1903-1904, Block C, China Resources Land Building, Da Chong Community, Yuehai Street, Nanshan District, Shenzhen, PRC, FS.COM Limited (Attn: Securities and Public Relations Department)

Email: ir@feisu.com

INVESTOR RELATIONS

Shareholder Communication Policy

The Company has formulated internal management guidelines including a Shareholder Communication Policy to ensure that the Company's Shareholders and investors can access comprehensive, identical and readily understandable information about the Company in a timely and equal manner, exercise their Shareholder rights on an informed basis, and facilitate effective two-way communication.

The principal channels through which the Company communicates and exchanges information with Shareholders include, but are not limited to, the Company's periodically published results announcements (annual, interim or quarterly) and the corresponding reports, all disclosures and corporate communications published by the Company on the website of the Stock Exchange, the Company's website, annual/extraordinary general meetings (if any), and various investor meetings and events.

In accordance with the requirements of the Listing Rules, the Company publishes information on the latest developments in the Group's business operations and development, financial data, corporate governance and other matters on the website of the Stock Exchange and the Company's website from time to time for public access. The Company has also established a Board Office responsible for receiving enquiries from Shareholders and investors, handling relevant requests for information within the bounds of compliance, and ensuring timely and effective communication with Shareholders and investors.

The Company has reviewed the implementation of its Shareholder Communication Policy during the Reporting Period. Taking into account the above investor communication channels, the measures adopted by the Company and the events organized, the Company considers that the Shareholder Communication Policy has been effectively implemented.

Amendments to the Articles of Association

The Company has adopted the currently effective Articles of Association with effect from the Listing Date. From the Listing Date up to the date of this annual report, the Company made certain amendments to its Articles of Association on April 23, 2026, which mainly reflect the changes in the Company's registered capital and total number of issued shares following the completion of the global offering and the partial exercise of the over-allotment option. The latest version of the Articles of Association is published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditor, Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended December 31, 2025 is as follows:

Services rendered	Remuneration paid/payable (RMB'000)
Audit service	
– annual audit service	1,566
– audit service related to the Listing on the Main Board of The Stock Exchange of Hong Kong Limited	6,889
Non-audit services	<u>695</u>

Non-audit services include: information systems data assessment services and other services.

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Zeng Di as one of the joint company secretaries of the Company. The Company has also appointed Ms. Sham Ying Man, a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the U.K., who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Zeng Di for an initial period of three years from the Listing Date to enable Mr. Zeng Di 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 forth under Rules 3.28 and 8.17 of the Listing Rules. Mr. Zeng Di is her primary contact at the Company.

The biographical details of Mr. Zeng Di and Ms. Sham Ying Man are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" in this report.

During the Reporting Period, each of Mr. Zeng Di and Ms. Sham Ying Man has undertaken no less than 15 hours of relevant professional training.

CHANGES TO INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this annual report, there has been no change in the information on Directors, Supervisors and senior management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the Listing Date up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

This report is our first annual Environmental, Social, and Governance report, disclosing the Company's policies, actions, and performance in environmental, social, and governance matters to all stakeholders. We adhere to the "comply or explain" provisions and has adopted the four fundamental reporting principles, namely Materiality, Quantitative, Balance and Consistency set forth in the Stock Exchange's *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》).

Basis of Preparation

Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》附錄) – Appendix: The *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》)

The *United Nations Sustainable Development Goals* (《聯合國可持續發展目標(SDGs)》)

The *Global Reporting Initiative (GRI) Standards* (《全球報告倡議組織(GRI)標準》)

Other Industry-Relevant International and Domestic Sustainability Disclosure Standards

Report Content

This report focuses on disclosing the Company's performance in areas including economic development, environmental protection, social responsibility, and corporate governance. It objectively reflects the Company's principal initiatives and achievements in fulfilling social responsibilities and promoting sustainable development during the year 2025, thereby assisting investors, partners, and other stakeholders in gaining a comprehensive understanding of our philosophy and practices in ESG management.

Reporting Scope

The reporting period of this report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period"). To enhance comparability and provide forward-looking context, certain content has been appropriately extended to cover periods before or after the Reporting Period. The organizational scope of this report encompasses the Company and its subsidiaries.

Data Statement

The data and case studies presented in this report are derived from the Company's actual operational records or financial reports.

Information and Feedback

The Company values your views on this Environmental, Social and Governance Report. Should you have any comments or suggestions, please feel free to send your feedback and opinions to: ir@feisu.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CORPORATE GOVERNANCE

ESG Management

We have established and implemented a comprehensive ESG management system to systematically fulfil corporate social responsibility and promote the sustainable development of the economy, society, and the environment. This system is formulated in accordance with laws and regulations including the *Company Law of the People's Republic of China* 《中華人民共和國公司法》 and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* 《香港聯合交易所有限公司證券上市規則》, and applies to the Company and all subsidiaries within its consolidated financial statements. The Board of Directors places high importance on the profound impact of ESG matters on the Group's risk management and sustainable development. We are fully aware that a sound and robust ESG governance structure is an important foundation for achieving sustainable development. To this end, we have deeply integrated the concept of sustainable development into our management practices and are actively promoting the establishment of an ESG governance structure. We have established a three-tier ESG governance structure, comprising the Board, the ESG Working Group, and relevant functional departments, thereby creating a mechanism with clear roles and responsibilities.

As the highest responsible and decision-making body for ESG matters, the Board bears ultimate responsibility for the Company's ESG management approach, strategies and reporting, and oversees the ESG development direction, approves key issues and resource allocation. We have established an ESG Working Group responsible for implementing ESG strategic plans, promoting cross-departmental collaboration, regularly assessing risks and opportunities, and dynamically optimizing the management system.

Recognising the importance of addressing ESG issues that are significant to both the Group and its stakeholders, the Board has conducted a materiality assessment. This assessment is used to identify key ESG issues through stakeholder surveys and by considering industry-specific concerns with the help of materiality maps and professional advice. The Board is fully informed about the results of this process and remains committed to regularly reviewing stakeholder engagement channels and exercises to ensure their effectiveness.

To ensure that ESG management is on the right track, the Board oversees the coordination of departmental efforts to meet their respective ESG targets. Progress in ESG matters is shared transparently with stakeholders, primarily through the Group's ESG Report. This approach reflects the Board's commitment to maintaining accountability and continuous improvement in ESG performance.

Our core management team demonstrates diversified professional backgrounds and practical experience in the ESG field. They have experience in integrating ESG principles and driving social responsibility. Their expertise in ESG disclosure and financial evaluation further strengthens our market competitiveness.

In specific practice, the Company is committed to protecting the legitimate rights and interests of all shareholders and creditors and ensuring that information disclosure is timely, fair, and transparent. In respect of environmental protection, the Company complies with environmental laws and regulations, promotes cleaner production and resource recycling, and has established emergency response mechanisms to address material environmental incidents.






Regarding employee rights and interests, the Company strictly adheres to labor laws and regulations, safeguards employee health and safety, prohibits discrimination and forced labor, and provides training and development opportunities. With respect to suppliers, customers, and business partners, the Company upholds the principle of good faith, protects their rights and interests and intellectual property, and integrates sustainability standards into supply chain management.

The Company periodically evaluates the fulfilment of ESG responsibilities and prepares and publishes an ESG Report. The content of the report covers material environmental, social, and governance issues and complies with the requirements of The Stock Exchange of Hong Kong Limited and relevant disclosure regulations. ESG management system will be continuously enhanced to ensure the achievement of the Company's sustainable development objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Communication

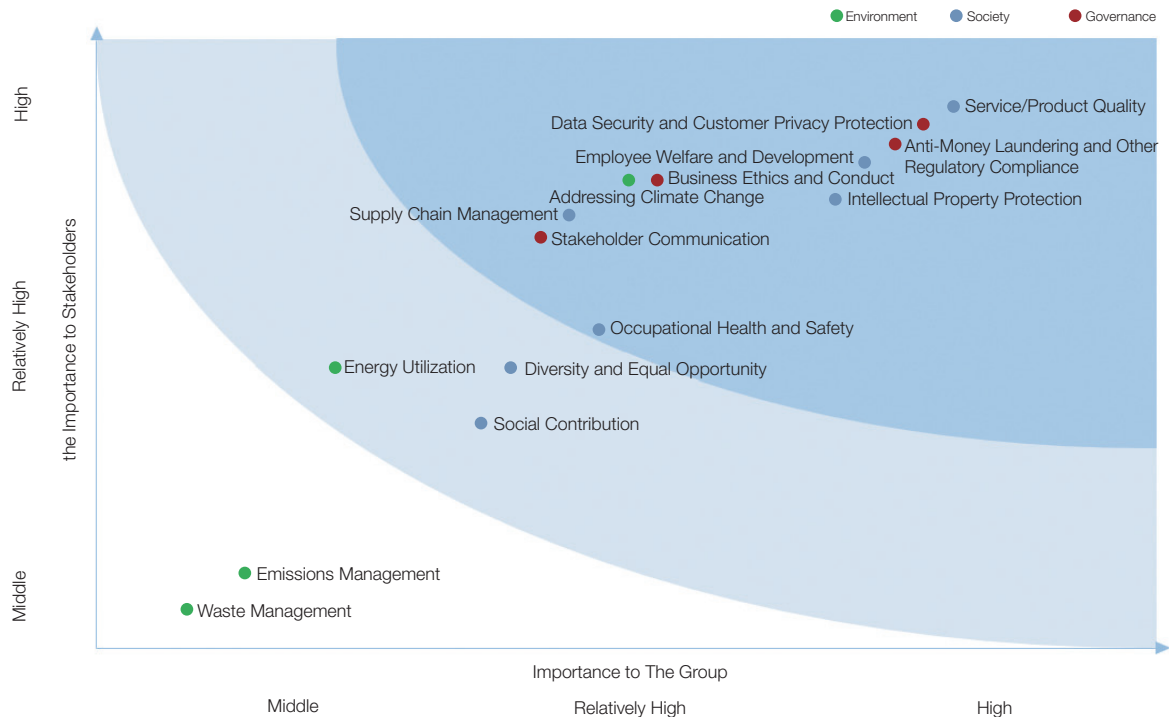
We have established a regular stakeholder communication mechanism to extensively collect the demands and expectations of internal and external stakeholders through diverse channels, systematically identify material sustainability topics, and integrate them into ESG strategic planning and daily operational management, ensuring that our sustainability work accurately responds to the concerns of all parties.

Stakeholders	Issues of Concern	Communication Channels
 Government and Regulatory Authorities	<ul style="list-style-type: none"> • Corporate Governance • Anti-bribery and Anti-corruption • Equitable Treatment of SMEs • Stakeholder Communication 	<ul style="list-style-type: none"> • Accept Supervision • Periodic Disclosures • Ad-hoc Reports • Participation in relevant Meetings
 Shareholders and Investors	<ul style="list-style-type: none"> • Compliance and Operations • Business Ethics • Return on Investment • Corporate Governance • Information Disclosure 	<ul style="list-style-type: none"> • Company Announcements • Periodic Reports • General Meetings • Investor Meetings • Roadshows • Listed Company Information Disclosure
 Customers	<ul style="list-style-type: none"> • Service Quality Assurance • Customer Data Privacy • Network Security 	<ul style="list-style-type: none"> • Company Website • Daily Communications • Technical Seminars
 Employees	<ul style="list-style-type: none"> • Employee Compensation and Benefits • Employee Development and Training • Occupational Health and Safety • Protection of Employee Rights and Interests • Employee Health Care 	<ul style="list-style-type: none"> • Employee Activities • Employee Training • Employee Performance Appraisals • Employee Satisfaction Surveys • Employee Complaints and Grievances
 Suppliers	<ul style="list-style-type: none"> • Supply Chain Management • Fair Procurement • Cooperation for Mutual Benefit • Product and Service Safety and Quality • Data Security and Customer Privacy Protection 	<ul style="list-style-type: none"> • Supplier Audits • Performance Evaluations • Regular Communication

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Material Issues

We proactively identify material issues that are significant to its own sustainable development. Stakeholders were invited to assess the Company’s material issues through an online questionnaire survey and to provide suggestions and feedback regarding material issues and the Company’s sustainability initiatives. The results of the materiality assessment obtained by the Company are as follows:



- | | | | | | |
|---|---------------------------|----|----------------------------------|----|---|
| 1 | Addressing Climate Change | 5 | Diversity and Equal Opportunity | 12 | Anti-Money Laundering and Other Regulatory Compliance |
| 2 | Emissions Management | 6 | Occupational Health and Safety | 13 | Data Security and Customer Privacy Protection |
| 3 | Waste Management | 7 | Employee Welfare and Development | 14 | Stakeholder Communication |
| 4 | Energy Utilization | 8 | Service/Product Quality | 15 | Business Ethics and Conduct |
| | | 9 | Intellectual Property Protection | | |
| | | 10 | Social Contribution | | |
| | | 11 | Supply Chain Management | | |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GREEN OPERATIONS

The Company is committed to promoting sustainable development. In respect of environmental management system development, the Company has achieved notable progress, having successfully obtained ISO 14001 Environmental Management System certification, signifying that its environmental management standards have attained internationally recognised levels. The Company will continue to deepen its environmental management efforts, pursue ongoing exploration and innovation, and strive towards a more efficient and sustainable green development model. The Company remains steadfastly dedicated to environmental protection and sustainable development strategies: it formulates and refines safety and environmental management policies, adopts environmentally friendly materials and production technologies, educates and enhances the safety and environmental awareness of its employees, provides support and assistance in environmental protection and safety matters to enterprises with which it has horizontal or vertical relationships, and safeguards the Earth's precious resources with a distinctive sense of corporate responsibility.



Emissions

We adopt an OEM collaborative production model, focusing on core functions such as product R&D, technology empowerment, market operations, and customer service, without directly participating in the product manufacturing process. Therefore, we are not directly involved in waste discharge, and our business activities have no material impact on the environment or natural resources. Emissions generated during Production operations of FS Smart Industrial Park (飛速智能產業園) of the Company consist primarily of industrial solid waste and domestic waste, and do not involve hazardous waste materials. Industrial solid waste mainly comprises waste cardboard boxes, waste wooden pallets, and waste plastic film, while domestic waste originates from employees' routine office and living activities, including waste paper, disposable tableware, and discarded household items. With a core objective of achieving a "100% compliant waste treatment rate", the Company actively implemented multiple measures during the Reporting Period in respect of emissions management and complied with laws and regulations including the *Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》 and the *Law of the People's Republic of China on the 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》:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Solid Waste Management**

Each workshop and warehouse area is equipped with designated temporary storage points categorised by waste type and marked with appropriate signage. Responsible departments transport waste in a timely manner in accordance with established standards. Temporary storage sites are fitted with facilities for rain protection and leakage prevention, with obsolete equipment managed in separate designated zones. The Company adheres to the principle of resource recycling in the disposal process: recyclable waste materials are collected centrally by designated personnel from the Administration Department and sold to qualified entities under signed recycling agreements that clearly delineate rights and responsibilities. Concurrently, processing details are rigorously documented in the *General Industrial Solid Waste Ledger* (《一般工業固體廢物台賬》) to ensure full end-to-end traceability.

- **Domestic Waste Management**

The Company has installed standard waste bins at all points of domestic waste generation and implements segregated collection management. A professional property management firm is engaged to transport domestic waste to compliant waste treatment facilities in accordance with prescribed clearance standards and frequencies.

Resource Consumption

To comprehensively enhance resource utilisation efficiency and reduce carbon emissions, the Company adopts a systematic management perspective and formulates a series of strategies governing employees' daily conduct. On the one hand, through communication and guidance, the Company actively promotes water and energy conservation awareness in office environments to strengthen employees' environmental consciousness. On the other hand, it undertakes hardware facility upgrades, including the installation of energy-efficient lighting, to reduce energy consumption at source. Furthermore, the Company explicitly requires employees to turn off electrical appliances and lighting after working hours to eliminate energy waste, thereby embedding environmental principles into the details of daily operations.

In specific practice, the Company has implemented time-phased management strategies for lighting, air conditioning, electrical equipment, and elevators in office areas to address energy consumption. For example, lighting is manually turned off by security personnel based on actual conditions between 19:00 and 22:00, and automatically switched off by timer after 22:00; air conditioning systems are scheduled for automatic shutdown at 19:00, 21:00, and 23:00, thereby effectively reducing non-essential energy use. Additionally, intelligent management is applied to meeting room equipment: BIOS settings and Windows Task Scheduler enable meeting room host computers to power on automatically at 8:00 daily and shut down at 23:00; television terminals are integrated into the Home Assistant system to achieve automated on/off control during the same period. These measures further enhance equipment usage efficiency, reduce standby energy consumption, and promote more refined and intelligent resource utilisation.

The Company owns an intelligent industrial park in Wuhan, Hubei Province, which integrates warehousing and logistics, product R&D, and testing functions. The FS.COM Intelligent Industrial Park plant buildings occupy a site area of approximately 48,000 square metres. Professional assessments indicate that the site is suitable for the installation of a distributed photovoltaic power generation system with a capacity of 500 kilowatts-peak (kWp), with the electricity generated capable of being consumed entirely on-site within the park.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To solidly promote green and low-carbon development and strictly control resource and energy consumption, our energy consumption control targets are as follows: for electricity, the industrial park adopts a self-generation and self-consumption model, steadily advancing the planning and construction of photovoltaic projects; for water usage, the core target is a year-on-year reduction in per capita water consumption, through various measures such as conducting water-saving publicity and education, installing water-saving devices, and upgrading key water-use equipment, continuously reducing water consumption in the park.

During the Year, each operation site of the Company obtained water from local governments, and did not encounter any difficulties in sourcing water that is fit for purpose.

During the Reporting Period, the Company's resource consumption is detailed as follows:

Resource Category	Unit	2025
Direct energy consumption		
Gasoline	tonnes	0.12
Direct energy consumption intensity	tonnes/million revenue	0.04*10 ⁻³
Indirect energy consumption		
Electricity	MWh	7,216.2
Indirect energy consumption intensity	MWh/million revenue	2.7
Water consumption		
Water resource	MT	17,608.0
Water consumption intensity	MT/million revenue	5.9

Addressing Climate Change

In the face of the increasingly severe global climate crisis, the Company fully recognises that effectively addressing climate change is critical to building long-term resilience and securing core competitive advantages in future markets. Based on the actual operating environment and geographical characteristics of the locations in which it operates, the Company has, through systematic risk assessment, identified and categorised climate-related risks into physical risks and transition risks.

Physical Risks:

- **Short-term impact:** Extreme high temperatures may adversely affect employee productivity, health, and commuting, thereby impacting operational efficiency. The Company has deployed high-efficiency energy-saving air conditioning and other equipment, while actively promoting the conservation of water and electricity resources and standardising usage management, thereby achieving a dynamic balance between energy saving, consumption reduction, and a comfortable office environment.
- **Short-term impact:** Extreme weather events such as typhoons, torrential rain, and flooding may adversely affect business continuity and infrastructure resilience. The Company has established specific emergency response protocols for climate risks and natural disasters, ensuring stable business operations and infrastructure security through systematic response mechanisms.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Transition Risks:

- **Short-term impact:** Regulatory requirements concerning carbon emissions policies, inspections, and audits continue to intensify, and non-compliance may give rise to corresponding legal and compliance risks. The Company continuously monitors policy developments and updates and conducts timely specialised employee training in response to new regulations to ensure compliance across all operational processes.
- **Short-term impact:** Increasing consumer preference for green attributes and low-carbon demand presents new development opportunities for the industry’s green transformation; however, a delayed response to shifting market demand could result in diminished market position, customer attrition, and reputational damage.

Climate Opportunities

- **Short-term impact:** On the operational and product side, by cooperating with suppliers that purchase green electricity, energy consumption and costs can be reduced, and products with low-carbon certification can be developed to cope with increasingly stringent global green trade barriers.
- **Medium-and long-term impact:** By transitioning to an operating model centered on renewable energy, the company can further build a strong brand image, establish itself as an industry pioneer, and sustain its market competitive advantage.

Our risk management work regularly (typically annually) conducts scenario analysis, establishes a mechanism for identifying, assessing and responding to climate risks, systematically reviews the impact of physical risks and transition risks on the business, integrates climate scenario analysis into the risk management system, and formulates risk mitigation plans. As we adopt an OEM collaborative production model and no material risk impacts have occurred during the year, climate-related indicators have not yet been incorporated into the remuneration policy. At the same time, because we are not directly involved in the product manufacturing process, we are not directly exposed to increased operating costs from carbon taxes or asset impairment losses due to extreme weather, and therefore there is currently no financial impact amount attributable to climate factors.

We actively respond to the national “dual carbon” targets and global standards related to addressing climate change. In alignment with its business characteristics, the Company monitors greenhouse gas emissions arising from its own operations as well as upstream and downstream activities, while proactively conducting greenhouse gas emission verification and analysis. Through the implementation of a series of energy-saving measures, continuous optimisation of the energy mix, development of a green supply chain framework, and promotion of green commuting among employees, the Company pursues a multi-faceted approach to reducing its carbon footprint, enhancing energy efficiency, and systematically advancing its low-carbon transition. Carbon emissions data accounting and statistical work are conducted concurrently.

During the Reporting Period, the Company’s carbon emissions are detailed as follows:

Category	Unit	2025
Scope 1	Metric tonnes of carbon dioxide equivalent	22.9
Scope 2	Metric tonnes of carbon dioxide equivalent	4,168.8

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has formulated a transparent privacy protection policy, which is continuously updated and made publicly available on its official website (FS.COM), covering the privacy protection policies of all business lines and online platforms. The privacy policy strictly complies with global stringent standards such as the Personal Information Protection Law of the People's Republic of China, the General Data Protection Regulation (GDPR), and the California Consumer Privacy Act (CCPA/CPRA), clearly stating the Company's principles for collecting, using, sharing, and storing user data based on the principle of "data minimization"; publicly disclosing the rules and methods for processing user information, including technical protection measures such as data transmission encryption, role-based access control, and cross-border transfer mechanisms, as well as secure storage methods. We hereby reiterate: only after users have fully understood the rules and have given their authorization and consent will the Company use user information in a reasonable and transparent manner.

We attach great importance to users' autonomous management of their personal information and actively protect users' rights to access, copy, correct, supplement, data portability, delete, and withdraw consent authorization regarding their personal information. The Company has established a dedicated data protection compliance team and a data security officer responsible for receiving and processing, in accordance with the law, requests and complaints related to user information protection. Any request received will be responded to and processed efficiently within the time limit prescribed by law (within 15 working days), ensuring that relevant issues are resolved in a timely manner.

Sustainable Supply Chain

The Company consistently integrates the principles of sustainable development into its supply chain management and has established an evaluation mechanism grounded in environmental, social, and ethical criteria to ensure supply chain compliance and resilience. Management is strengthened across areas including supplier admission, supplier assessment, and monitoring mechanisms, thereby fostering a green, efficient, and responsibility-sharing supply chain ecosystem. Through over a decade of accumulated expertise, the Company has developed a comprehensive supply chain framework and has established robust collaboration with high-quality domestic and international suppliers, including Accelink Technologies (光迅科技), Ruijie Networks (銳捷網絡), T&S Communications (太辰光), Source Photonics (索爾思), Zhaolong Interconnect (兆龍互連), Centec Communications (盛科通信), Accton Technology (智邦科技), Finisar (菲尼薩) and Supermicro. These partnerships enable the Company to deliver reliable and stable products to professional clients worldwide.

Internally, the Company has instituted a rigorous, comprehensive, and high-standard system for product R&D quality control, supply chain quality control, and after-sales quality control. Guided by customer requirements and predicated on a philosophy of proactive prevention, the product quality control framework is strictly applied throughout the entire product lifecycle – from structural design validation during product development to supplier management and quality inspection and acceptance at each stage – thereby effectively mitigating the occurrence of design defects and quality issues. Furthermore, the Company's quality control personnel are stationed on a permanent basis at the production sites of key suppliers, rigorously enforcing the Company's product quality standards across all stages from supplier raw material procurement and manufacturing processes to packaging, thereby ensuring the delivery of high-quality products to the market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company's products are sold to numerous countries and regions globally. It must address the continuous upgrading of environmental directives such as the EU's RoHS, REACH, and WEEE, as well as compliance reviews related to Carbon Border Adjustment Mechanisms. The Company has obtained ISO 14001 Environmental Management System certification, with overseas subsidiaries in the United States, Germany, and England concurrently certified. It dynamically tracks international environmental regulations, promotes green procurement standards, proactively formulates low-carbon strategies, and regularly organises environmental policy training for employees.

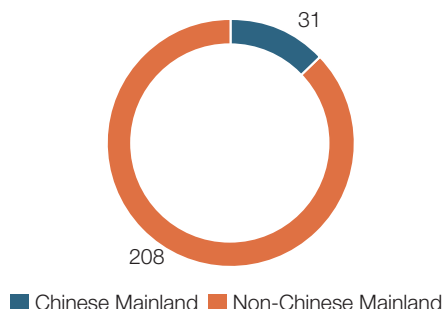


In the future, we will further consider formally incorporating environmental compliance, green production and sustainable development requirements into supplier admission criteria daily assessment and dynamic evaluation systems during the whole process of supplier selection and management, so as to practice the green low-carbon development concept from the source of the supply chain and continuously improve the sustainable supply chain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the geographical distribution of the Company's suppliers is as follows:

Number of Suppliers by Geographical Region



Intellectual Property Protection

The Company encourages independent innovation and fosters the development of proprietary intellectual property. The Company strengthens the management, protection, and utilisation of its intellectual property assets to enhance competitive advantages in the marketplace, ensure the smooth conduct of legal affairs, safeguard corporate interests, and mitigate the probability of legal risks. The intellectual property management function is responsible for establishing a technical intelligence platform and an early warning mechanism for intellectual property risks associated with major projects. It is required to conduct timely analysis of potential IP risks inherent in product design, R&D projects, and market development activities of relevant departments, formulate corresponding early warning solutions, and supervise the implementation thereof by the responsible departments.

Anti-corruption

The Company strictly complies with national laws and regulations relating to anti-corruption, adheres to business ethics and the principle of integrity in operations, and continuously enhances its internal compliance governance framework, with policies and procedures designed to cover all business scenarios. The Company adopts a "zero tolerance" approach towards corrupt practices and has formulated a *Code of Business Conduct* 《商業行為準則》 which strictly regulates employees' interactions with government officials and suppliers, including prohibitions on the offering of excessive gifts or improper benefits. The "*Anti-fraud and Integrity Management Policy* 《反舞弊及廉潔管理制度》) further mitigates potential compliance risks through mechanisms for gift reporting and conflict of interest declarations. In addition, the Company has established independent whistleblowing channels to encourage both internal and external oversight, thereby ensuring timely exposure and resolution of any issues. The Company requires all employees to participate in specialised anti-corruption training, covering personnel across all departments and levels, with the objective of embedding a culture of integrity and compliance throughout the organisation. Looking ahead, the Company will further improve the Board's anti-corruption training system and supporting mechanisms, strengthen awareness of self-discipline and risk prevention capabilities, and reinforce the foundation for ethical business conduct. During the Reporting Period, the Company did not identify any incidents relating to financial crimes and corruption lawsuits, including bribery, extortion, fraud, or money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk and Internal Management

In respect of risk management, the Company's *Code of Business Conduct* 《商業行為準則》 empowers the audit function with independent investigative authority to initiate special reviews in cases involving financial irregularities or suspected fraud, and to implement measures such as the temporary retention of documentation or suspension from duties. For example, the Audit Committee periodically evaluates the effectiveness of anti-bribery policies and conducts unannounced inspections in conjunction with the *Anti-fraud Investigation Procedures* 《反舞弊工作調查方法》 to ensure the proper implementation of relevant systems. Furthermore, the Company has instituted a conflict-of-interest declaration mechanism to enhance process transparency and mitigate the risk of biased decision-making.

PEOPLE-ORIENTED

As a trusted provider of information and communications technology products and solutions, we deeply integrate corporate social responsibility into its development strategy. The Company strictly complies with relevant labour laws and regulations, ensures lawful employment in accordance with established policies, advocates for equal employment opportunities, safeguards employees' fundamental rights and interests, and implements applicable national policies and provisions. Through the establishment of a robust social responsibility management system, the Company is committed not only to creating exceptional value for its customers but also to fostering collaborative development with its employees, communities, and the industry at large.

Employment

We strictly comply with laws and regulations including the *Labour Law of the People's Republic of China* 《中華人民共和國勞動法》, the *Labour Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》, the *Employment Promotion Law of the People's Republic of China* 《中華人民共和國就業促進法》, and the *Provisions on the Prohibition of Child Labour* 《禁止使用童工規定》. The Company is committed to fostering a workplace environment grounded in mutual respect and explicitly prohibits any form of harassment or discrimination based on race, gender, disability, family status, ethnicity, religion, or other protected characteristics.

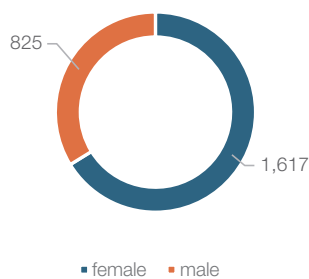
The Company firmly believes that employee diversity constitutes a valuable asset and a core element of its competitive strength. The Company has formulated the *FS Code of Business Conduct* 《FS 商業行為準則》, under which it undertakes not to base employment decisions on any discriminatory factors. It provides equal employment opportunities to all job applicants and employees, respects employees' personal beliefs, cultural customs, and lifestyles, and is dedicated to cultivating an open and inclusive working atmosphere, thereby ensuring a solid foundation of talent and sustained momentum for the Company's long-term development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

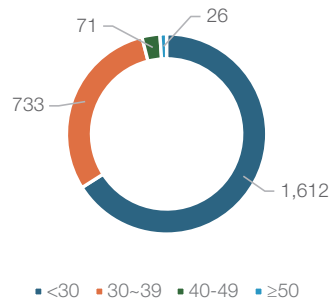
The Company strictly adheres to applicable laws and prohibits the use of child labour. During the recruitment process, the Company verifies the personal identification documents of all candidates to ensure that employees have attained the legal working age. In the event that any instance of child labour is identified, the Company will take immediate action to terminate the employment relationship and conduct a thorough investigation. During the Reporting Period, the Company complied fully with relevant laws and regulations and did not engage any minors below the statutory minimum employment age in labour activities.

During the Reporting Period, the Company's overall employee turnover rate was approximately "20.85%", with turnover rates for female and male employees at approximately "21.71%" and "19.03%", respectively. Going forward, we will continue to enhance its employee data statistical framework and further refine the analysis of employee turnover rates by dimensions such as age structure and geographic distribution, thereby elevating the sophistication of its human resources management. The employment profile for the year 2025 is set out below:

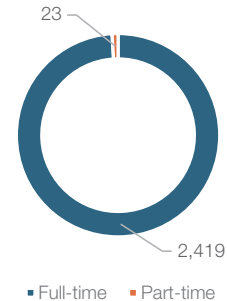
Total workforce (By Gender)



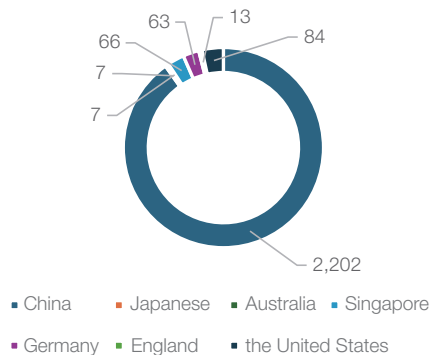
Total workforce (By Age)



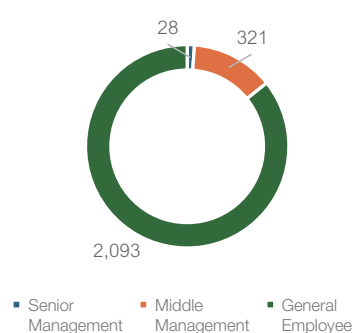
Total workforce (By Employment Type)



Total workforce (By Geographic Region)



Total workforce (By Employment Category)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Rights and Interests

The Company rigorously safeguards employees' fundamental rights in areas including human rights protection, recruitment and employment, compensation and benefits, and health and safety. It strictly prohibits the use of child labour and resists all forms of forced labour. The Company has established multiple communication channels to stay informed of employees' work and personal circumstances and encourages employees to raise concerns. Communication channels include, but are not limited to: Feishu (飛書) messaging, OA request submissions, discussion forums, counselling, complaint and grievance procedures, probationary period interviews, performance appraisal interviews, and exit interviews. The Company is dedicated to providing employees with a comprehensive, competitive, and sustainable benefits system. It offers monetary awards such as Outstanding Employee Awards, Continuous Improvement Awards, Safety Awards, and Patent Awards, alongside non-monetary benefits including accommodation subsidies, transportation allowances, overtime meals, afternoon tea, and holiday benefits. These initiatives aim to actively enhance employee satisfaction and strengthen team cohesion.



June Themed Birthday Party



Intellectual Property Themed Day Event

The Company strictly safeguards employees' fundamental rights in areas including human rights protection, recruitment and employment, compensation and benefits, and health and safety, and resists all forms of forced labour. The Company prohibits forced labour and ensures that no employee is subjected to coercive or punitive working conditions. Should any instance of forced labour be identified, the Company will take immediate action and conduct an investigation. During the Reporting Period, the Company strictly complied with relevant laws and regulations and confirmed that no form of forced labour occurred.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Development and Training

The Company adheres to a people-oriented human resources philosophy, respecting and nurturing talent, and strives to provide employees with a fair, equitable, and transparent working and development environment, with the objective of “achieving talent development and mutual growth”. The Company places significant emphasis on and supports employees’ career advancement and capability enhancement, offering a pleasant working and living environment. Through scientific and humanistic management practices, the Company builds a robust platform for personal development, stimulating employee enthusiasm and motivation. The Company is committed to assisting employees in achieving personal growth and development, paving a clear pathway for their career progression, guiding them in realising their individual career plans, and encouraging a balanced development between personal life and professional career. The Company provides employees with diverse training opportunities, and employees are encouraged to proactively acquire professional knowledge and skills to enhance their work capabilities.



Training of the Product R&D Department

The Company facilitates the joint enhancement of both individual and corporate value. For new hires, induction training covering business operations, products, and company policies is provided. For existing employees, role-specific professional training to upgrade technical skills is offered, alongside targeted development programmes designed to strengthen key competencies through systematic learning.

During the Reporting Period, the Company’s system has not yet had disaggregated statistics by gender and employee type, and no relevant data has been disclosed. Going forward, we will continue to refine its employee training data collection system, further disaggregating training coverage rates and hours by gender and employee type, thereby enhancing the granularity and transparency of training management. Details of career development and vocational skills training for 2025 are as follows:

Category	Unit	2025
Training Sessions	Sessions	2,101
Training Attendees	Attendees	82,258
Total Training Hours	Hours	102,254

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

University-Enterprise Collaboration

The Company actively promotes industry-education integration and collaborative talent cultivation between enterprises and academic institutions as a significant practice of giving back to society and empowering education. During the Reporting Period, the Company established collaborative partnerships with the computer science schools of several first-tier universities, including Wuhan Textile University, Wuhan University of Science and Technology, Wuhan Institute of Technology, and Wuhan Polytechnic University. Through formal recognition ceremonies and agreement signings, in-depth cooperation has been pursued in areas including talent cultivation, internship base development, curriculum co-construction, and technical exchange. Specifically, a plaque conferral ceremony and agreement signing with Wuhan Textile University was completed in May 2025; plaque conferral with Wuhan University of Science and Technology and Wuhan Institute of Technology was completed in March and April 2025, respectively; and plaque conferral with Wuhan Polytechnic University was completed in March 2023. The Company leverages its industrial capabilities to contribute to educational advancement, thereby promoting the organic integration of the education chain, talent chain, and industrial chain.

Looking ahead, the Company will continue to expand its collaborative network, deepen the integration of industry, academia, and research, and contribute to the cultivation of high-quality talent in the communications and information technology sectors, thereby adding corporate strength to the sustainable development of society and the industry at large. During the Reporting Period, the Company conducted 21 school-enterprise cooperation activities, with a total investment of 68.5 hours in such cooperation.



University-Enterprise Cooperation and Exchange

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Occupational Safety Construction

To strengthen and standardise the Company’s physical security and fire safety management, and to protect the personal safety of employees and the security of corporate property, the Company has formulated corresponding management measures for physical security and fire safety. Concurrently, the Company has established documented training and communication management protocols for safety management and has obtained ISO 45001 Occupational Health and Safety Management System certification. The Company routinely conducts occupational health check-ups and safety training, implements a three-level fire safety education mechanism, and is equipped with comprehensive protective facilities and emergency response plans. During the Reporting Period, the Group recorded no work-related fatalities, and the number of lost workdays due to occupational injuries was approximately 112 days of which approximately 88 days were work-related injuries occurring during non-office work hours or while employees were commuting to/from work; all such incidents have been properly handled in accordance with relevant regulations.



The Company mandates that management at all levels conduct regular and ad-hoc physical security and fire safety training and awareness campaigns for employees across all business departments in various formats. Business departments are required to organise fire emergency drills, including evacuation and firefighting exercises, for employees on an annual basis in accordance with established plans. Newly hired employees are subject to a three-tier fire safety training programme (corporate level, departmental level, and team level) and must pass the relevant assessment before commencing duties.




During the Reporting Period, details of the Company’s occupational safety training are as follows:

Category	Unit	2025
Number of Training Participants	time(s)	4,612

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awards and Recognitions

Leveraging its extensive experience in network solutions, the Company received broad recognition from partners and industry institutions during the Reporting Period, earning national qualifications and certifications, provincial honours, and municipal – and district-level benchmark awards. The major awards are as follows:

Awarding Organization	Award Received	Award Image
Industry and Information Technology Bureau of Shenzhen Municipality	National High-Tech Enterprise (國家高新技術企業)	
Shenzhen Industry Leaders Corporate Development Promotion Association	2025 Top 100 Shenzhen Industry Leaders Enterprises (2025 年度深圳行業領袖企業百強)	
Expert Review Committee of the Guangdong-Hong Kong Macao Greater Bay Area Enterprise Innovation Rankings, Federation of Shenzhen Industries (粵港澳大灣區企業創新力榜單專家評審委員會)	2024 Innovation Achievement Shortlisted Enterprises of the Guangdong-Hong Kong Macao Greater Bay Area Enterprise Innovation Rankings (2024 粵港澳大灣區企業創新力榜單創新成就榜入選企業)	
Ebrun	2025 Industrial Internet Qianfeng Award (2025 產業互聯網千峰獎)	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1 DATA OVERVIEW

Exhaust emissions¹

Category	Unit	2025
Nitrogen oxides (NOx)	kg	0.11
Sulfur oxides (SOx)	kg	–
Particulate matter (PM)	kg	0.01

Greenhouse gas emissions

Category	Unit	2025
Scope 1	Tonnes CO ₂ -e	22.9
Scope 2	Tonnes CO ₂ -e	4,168.8
Total emissions (scope 1 + 2)	Tonnes CO ₂ -e	4,191.7
Emission Intensity (Scope 1 + 2/Revenue)	Tonnes CO ₂ /RMB million	1.4

Waste management²

Category	Unit	2025
Hazardous waste	Tonnes	–
Non-hazardous waste	Tonnes	–
Hazardous waste intensity	Tonnes/employee	–
Non-hazardous waste intensity	Tonnes/employee	–

Energy consumption

Category	Unit	2025
Direct energy consumption		
Gasoline	Tons	0.12
Direct energy consumption intensity	Tons/million revenue	0.04*10 ⁻³
Indirect energy consumption		
Electrical Energy	MWh	7,216.2
Indirect energy consumption intensity	MWh/million revenue	2.4
Water consumption		
Water resources	Tonnes	17,608.0
Water consumption intensity	Tonnes/million revenue	5.9

1 During the year, the Company's exhaust emissions originate from the use of self-owned vehicles and equipment, which are used infrequently, resulting in no significant exhaust emissions.

2 During the year, the Company does not directly generate waste emissions, as it operates under an OEM cooperative production model and does not directly participate in the product manufacturing processes. No relevant statistics on the disposal volume of non-hazardous waste are available, as such waste is disposed of by qualified entities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Number of employees

Category	Unit	2025
By gender		
Female	People	1,617
Male	People	825
By age		
Aged below 30	People	1,612
Aged 30 to 39	People	733
Aged 40 to 49	People	71
Aged 50 and above	People	26
By employment category		
Full time	People	2,419
Part-time	People	23
By geographical location		
China	People	2,202
Japan	People	7
Australia	People	7
Singapore	People	66
Germany	People	63
The UK	People	13
America	People	84
By employee category		
Senior management	People	28
Middle management	People	321
General employees	People	2,093
Total number	People	2,442

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Staff turnover rate

Category	Unit	2025
By gender		
Female	People	351
Male	People	157
Female turnover rate	%	19.0
Male turnover rate	%	21.7
By age		
Aged below 30	People	419
Aged 30 to 39	People	66
Aged 40 to 49	People	17
Aged above 50	People	6
Turnover rate of employees aged below 30	%	26.0
Turnover rate of employees aged 30 to 39	%	9.0
Turnover rate of employees aged 40 to 49	%	23.9
Turnover rate of employees aged above 50	%	23.1
Total number of separations	People	508

Development and training

Category	Unit	2025
By gender		
Female employee training rate	%	100
Male employee training rate	%	100
By employee category		
Senior management training rate	%	100
Middle management training rate	%	100
Training rate of general employee	%	100
By gender		
Average training hours for female employees	Hours	43
Average training hours for male employees	Hours	39
By employee category		
Average training hours for senior management	Hours	25
Average training hours for middle management	Hours	32
Average training hours for general employees	Hours	44

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Misconduct incidents

Category	2025
Discrimination	–
Corruption	–
Invasion of customer privacy	–
Environmental violations	–
Illegal employment	–
Violation of labor standards	–

Occupational safety

Category	Unit	2023-2025
Work-related death	People	–

Category	Unit	2025
Number of working days lost due to work-related Injuries	Days	112

Supplier

Category	Unit	2025
By geographical location		
Mainland China		31
Other areas		208

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 2 CONTENT INDEX TABLE

Reference to the Hong Kong Stock Exchange's "Environmental, Social and Governance Reporting Guide"

Guide Content	Description	Corresponding Section/Explanation
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations – Emissions Appendix 1
KPI A1.1	The types of emissions and respective emissions data.	Appendix 1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations – Emissions Appendix 1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations – Emissions Appendix 1
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operations – Addressing Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operations – Emissions
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations – Resource Consumption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/Explanation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operations – Resource Consumption Appendix 1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operations – Resource Consumption Appendix 1
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operations – Resource Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operations – Resource Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We currently do not have statistical data on packaging materials, and will plan to incorporate such data into regular statistical collection in the future.
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations
B. Social		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented
KPI B1.1	Total workforce by gender, employment type (for example, full – or parttime), age group and geographical region.	People-oriented – Employment Appendix 1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/Explanation
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-oriented – Occupational Safety Construction
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-oriented – Employee Rights and Interests Appendix 1
KPI B2.2	Lost days due to work injury.	People-oriented – Occupational Safety Construction Appendix 1
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-oriented – Occupational Safety Construction
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-oriented – Employee Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-oriented – Employee Development and Training Appendix 1
KPI B3.2	The average training hours completed per employee by gender and employee category.	People-oriented – Employee Development and Training Appendix 1
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented – Employment & Employee Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented – Employment & Employee Rights and Interests

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/Explanation
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Industry Sustainability
KPI B5.1	Number of suppliers by geographical region.	Industry Sustainability – Sustainable Supply Chain Appendix 1
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Industry Sustainability – Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Industry Sustainability – Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Industry Sustainability – Sustainable Supply Chain
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Industry Sustainability – Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Industry Sustainability – Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Industry Sustainability – Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Industry Sustainability – Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Industry Sustainability – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Industry Sustainability – Privacy and Data Security

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/Explanation
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Industry Sustainability – Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Industry Sustainability – Anti-corruption Appendix 1
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Industry Sustainability – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Industry Sustainability – Anti-corruption
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	People-oriented – University-Enterprise Collaboration
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	People-oriented – University-Enterprise Collaboration
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	People-oriented – University-Enterprise Collaboration

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 3 CLIMATE-RELATED DISCLOSURES INDEX

Guide Content	Description	Corresponding Section/ Explanation
(I) Governance 19		
(a)(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Green Operations – Addressing Climate Change
(a)(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Green Operations – Addressing Climate Change
(a)(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Green Operations – Addressing Climate Change
(a) (iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies;	Not currently included in the remuneration policy
(b)	management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Green Operations – Addressing Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/ Explanation
(II) Strategy		
Climate-related risks and opportunities		
20	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	Green Operations – Addressing Climate Change
Business model and value chain		
21	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and (b) a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Green Operations – Addressing Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/ Explanation
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Green Operations – Addressing Climate Change
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Currently no relevant progress updates
Financial position, financial performance and cash flows		
Current financial effect		
24	An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	As we are not directly involved in the manufacturing process, nor directly exposed to increased operating costs resulting from carbon taxes or asset impairment losses caused by extreme weather, there is currently no financial impact amount attributable to climate-related factors.
25	The issuer shall provide qualitative and quantitative disclosures about:(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration; (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Green Operations – Addressing Climate Change Currently no financial impact amount attributable to climate-related factors

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/ Explanation
Climate resilience 26	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of; (b) how and when the climate-related scenario analysis was carried out</p>	Green Operations – Addressing Climate Change
(III) Risk Management 27	<p>An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.</p>	Green Operations – Addressing Climate Change
(IV) Metrics and Targets Greenhouse gas emissions	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.</p>	Green Operations – Addressing Climate Change
Climate-related transition risks 30	<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	Currently no financial impact amount attributable to climate-related factors
Climate-related physical risks 31	<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	Currently no financial impact amount attributable to climate-related factors

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guide Content	Description	Corresponding Section/ Explanation
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Currently no financial impact amount attributable to climate-related factors
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Currently no financial impact amount attributable to climate-related factors
Internal carbon prices		
34	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Not currently relate to carbon pricing, and no carbon pricing is applied in decision-making
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Not currently included in the remuneration policy
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	Not currently available
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	As there is no significant risk impact currently, no relevant qualitative or quantitative targets have been established at this stage.
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39	
Applicability of cross-industry metrics and industry-based metrics		
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics and (ii) industry-based metrics.	Not involved

Independent Auditor's Report

Deloitte.

德勤

To the Shareholders of FS.COM Limited

(深圳市飛速創新技術股份有限公司)

(incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of FS.COM Limited (“深圳市飛速創新技術股份有限公司”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 118 to 184, which comprise the consolidated statement of financial position of the Group as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2025 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the “IESBA Code”), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matter

Allowance for finished goods

We identified the allowance for finished goods as a key audit matter due to the significance of the balance to the consolidated financial statements and the management judgments and estimations involved in the identification of obsolete and slow-moving finished goods and the determination of the net realizable value of the finished goods.

The management identified the obsolete and slow-moving finished goods based on aging of finished goods and physical condition of the finished goods. Net realizable value ("NRV") of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale, in which the significant factors considered by management are the latest selling prices and the expected marketability of the inventories. The carrying amount of finished goods was approximately RMB449,523,000 as at 31 December 2025, and the reversal of allowance on inventories recognised in profit or loss for the year ended December 31, 2025 was RMB12,505,000. The details are set out in note 4 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to allowance for finished goods include:

- Obtaining an understanding of the management's process on assessment of NRV of finished goods, including the management's process over the identification of obsolete and slow-moving finished goods and the determination of the net realisable value of finished goods;
- Evaluating the reasonableness of the Group's inventory allowance policy and the appropriateness of model used by management in assessing NRV of finished goods (the "NRV Model");
- Observing the management's process in identifying obsolete or slow-moving finished goods during the attendance of inventory counts and checking whether obsolete or slow-moving finished goods identified by management are properly included in management's NRV Model;
- Evaluating the reasonableness of the Group's allowance for finished goods by:
 - Tracing individual items in the aging analysis of finished goods, on a sample basis, to the relevant source documents; and
 - Tracing the latest selling prices, on a sample basis, to relevant supporting documents; and

Challenging the appropriateness of the NRV estimated by management by evaluating the historical accuracy of these estimates, on a sample basis.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Wing Hang (Practising Certificate Number: P06373).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

April 28, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	5	2,965,663	2,611,793
Cost of sales		(1,350,549)	(1,305,484)
Gross profit		1,615,114	1,306,309
Other income	6	12,144	12,811
Impairment losses under expected credit loss model, net of reversal	7	(2,710)	(1,008)
Other gains and losses	8	35,103	(948)
Selling and distribution expenses		(535,150)	(487,665)
General and administrative expenses		(210,241)	(209,777)
Research and development expenses		(178,127)	(143,710)
Finance costs	9	(28,123)	(18,544)
Listing expenses		(22,750)	(893)
Profit before tax		685,260	456,575
Income tax expense	10	(83,795)	(59,318)
Profit for the year	11	601,465	397,257
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(748)	(247)
Total comprehensive income for the year		600,717	397,010
Earnings per share	15		
– Basic (RMB)		1.75	1.16
– Diluted (RMB)		1.69	1.12

Consolidated Statement of Financial Position

		At December 31,	
	NOTES	2025	2024
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	16	1,164,468	1,194,069
Right-of-use assets	18	112,277	119,041
Investment properties	17	10,954	–
Intangible assets	19	12,783	18,375
Deferred tax assets	20	106,082	110,536
Other receivables, deposits and prepayments	23	68,896	88,296
Deposits for the acquisition of property, plant and equipment		6,081	4,511
		<u>1,481,541</u>	<u>1,534,828</u>
Current assets			
Inventories	21	473,193	572,271
Trade receivables	22	220,461	154,616
Other receivables, deposits and prepayments	23	159,713	120,304
Right to returned goods asset		2,908	3,392
Tax recoverable		18,947	10,606
Financial assets at fair value through profit or loss (“FVTPL”)	24	762,766	506,444
Restricted bank deposits	25	32,245	17,363
Short-term bank deposits	25	–	93,000
Bank balances and cash	25	802,274	537,575
		<u>2,472,507</u>	<u>2,015,571</u>
Current liabilities			
Trade payables	26	236,042	251,449
Other payables and accruals	27	161,602	139,283
Refund liabilities	28	6,417	6,987
Contract liabilities	29	70,547	40,692
Tax payables		15,749	8,191
Borrowings	30	176,247	63,787
Lease liabilities	31	26,917	24,371
Bank overdrafts	25	5,560	4,549
Redemption liabilities	32	667,903	–
		<u>1,366,984</u>	<u>539,309</u>
Net current assets		<u>1,105,523</u>	<u>1,476,262</u>
Total assets less current liabilities		<u>2,587,064</u>	<u>3,011,090</u>

Consolidated Statement of Financial Position

		At December 31,	
	NOTES	2025	2024
		RMB'000	RMB'000
Non-current liabilities			
Borrowings	30	333,373	509,573
Lease liabilities	31	93,837	100,780
		<u>427,210</u>	<u>610,353</u>
Net assets		<u>2,159,854</u>	<u>2,400,737</u>
Capital and reserves			
Share capital	33	360,000	360,000
Reserves		<u>1,799,854</u>	<u>2,040,737</u>
Total equity		<u>2,159,854</u>	<u>2,400,737</u>

The consolidated financial statements on pages 118 to 184 were approved and authorized for issue by the board of directors of the Company on April 28, 2026 and signed on its behalf by:

Director
Xiang Wei

Director
Zeng Di

Consolidated Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Shares issued for Employee Incentive Scheme RMB'000 (note ii)	Share-based payment reserve RMB'000	Other reserve RMB'000 (note ii)	Statutory surplus reserve RMB'000 (note i)	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2025	360,000	562,045	(47,799)	33,453	47,799	146,724	3,160	1,295,355	2,400,737
Profit for the year	-	-	-	-	-	-	-	601,465	601,465
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(748)	-	(748)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(748)	601,465	600,717
Transfer	-	-	-	-	-	25,468	-	(25,468)	-
Dividends recognized as distribution	-	-	-	-	-	-	-	(200,000)	(200,000)
Recognition of redemption liabilities (Note 32)	-	-	-	-	(659,395)	-	-	-	(659,395)
Recognition of share-based payment expenses (Note 34)	-	-	-	17,795	-	-	-	-	17,795
At December 31, 2025	360,000	562,045	(47,799)	51,248	(611,596)	172,192	2,412	1,671,352	2,159,854

Consolidated Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Shares issued for Employee Incentive Scheme RMB'000 (note ii)	Share-based payment reserve RMB'000	Other reserve RMB'000 (note ii)	Statutory surplus reserve RMB'000 (note i)	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2024	360,000	562,045	(47,799)	27,708	47,799	113,375	3,407	931,447	1,997,982
Profit for the year	-	-	-	-	-	-	-	397,257	397,257
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(247)	-	(247)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(247)	397,257	397,010
Transfer	-	-	-	-	-	33,349	-	(33,349)	-
Recognition of share-based payment expenses (Note 34)	-	-	-	5,745	-	-	-	-	5,745
At December 31, 2024	360,000	562,045	(47,799)	33,453	47,799	146,724	3,160	1,295,355	2,400,737

Notes:

- i. It represents the statutory surplus reserves of the Company in the People's Republic of China ("PRC"). Pursuant to the applicable PRC regulation, a company established in the PRC with limited liability is required to transfer at least 10% of its net profit after tax to the statutory surplus reserve. The statutory surplus reserve is discretionary until the reserve balance reaches 50% of the registered capital of the Company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the Company.
- ii. The shares issued to and held by Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth under the Employee Incentive Scheme, as defined and detailed in Note 34, were recognized as treasury shares by the Company and had been deducted from shareholders' equity as shown in the consolidated statement of changes in equity under "Shares issued for Employee Incentive Scheme" reserve. The cash consideration received by the Company amounted to RMB47,799,000 has been recognized as capital reserve included in other reserve of equity, as the Company does not have any obligation to repurchase any granted shares if they were subsequently forfeited or not vested.

For details regarding the recognition of redemption liabilities during the year ended December 31, 2025, please refer to Note 32.

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax	685,260	456,575
Adjustments for:		
Finance costs	28,123	18,544
Bank interest income	(5,768)	(6,651)
Depreciation of property, plant and equipment	91,863	69,318
Depreciation of investment properties	214	–
Depreciation of right-of-use assets	30,989	29,269
Amortization of intangible assets	7,730	6,882
(Reversal of allowance on) allowance on inventories, net	(12,505)	38,854
Impairment losses under expected credit loss model, net of reversal	2,710	1,008
(Gain) loss on disposal of property, plant and equipment	(12)	97
Written-off of property, plant and equipment	642	389
Gain on early termination of leases	(363)	(33)
Fair value changes of financial assets at FVTPL	(12,538)	(8,731)
Share-based payment expenses	17,795	5,745
Operating cash flows before movements in working capital	834,140	611,266
Decrease (increase) in inventories	109,871	(5,009)
Increase in trade receivables	(68,468)	(33,090)
(Increase) decrease in other receivables, deposits and prepayments	(20,259)	4,140
Decrease (increase) in right to returned goods asset	484	(431)
Decrease in trade payables	(15,407)	(26,881)
Increase in other payables and accruals	27,203	20,098
(Decrease) increase in refund liabilities	(570)	987
Increase (decrease) in contract liabilities	29,855	(68,807)
Cash generated from operations	896,849	502,273
Income tax paid	(80,124)	(93,432)
NET CASH FROM OPERATING ACTIVITIES	816,725	408,841

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Interest received	5,768	6,651
Purchase and deposits paid for property, plant and equipment	(80,890)	(725,337)
Purchase of intangible assets	(2,270)	(4,239)
Purchases of financial assets at FVTPL	(1,765,000)	(1,805,000)
Payments for rental deposits	(3,200)	(10,253)
Withdrawal of rental deposits	5,047	5,106
Proceeds from disposal of property, plant and equipment	190	378
Proceeds from redemption of financial assets at FVTPL upon maturity	1,521,216	1,487,634
Withdrawal of short-term bank deposits	116,400	–
Placement of short-term bank deposits	(23,400)	(93,000)
Withdrawal of restricted bank deposits	15,212	2,133
Placement of restricted bank deposits	(30,094)	(4,834)
NET CASH USED IN INVESTING ACTIVITIES	(241,021)	(1,140,761)
FINANCING ACTIVITIES		
Interest paid	(19,655)	(18,457)
Dividend paid	(200,000)	–
Payment of share issue costs	(2,065)	–
Repayments of borrowings	(63,700)	(46,866)
Repayments of lease liabilities	(27,340)	(20,876)
New borrowings raised	–	523,360
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(312,760)	437,161
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	262,944	(294,759)
CASH AND CASH EQUIVALENTS AT JANUARY 1,	533,026	829,082
Effect of foreign exchange rate changes	744	(1,297)
CASH AND CASH EQUIVALENTS AT DECEMBER 31,	796,714	533,026
Represented by:		
Bank balances and cash	802,274	537,575
Bank overdrafts	(5,560)	(4,549)
	796,714	533,026

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION

FS.COM Limited (深圳市飛速創新技術股份有限公司) (the “Company”) was incorporated in the PRC on April 9, 2009 as a limited liability company under the Company Law of the PRC. On September 29, 2020, the Company was converted from a limited liability company into a joint stock company. The respective addresses of the registered office and the principal place of business of the Company is 1903-1904, Block C, China Resources Land Building, Da Chong Community, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, PRC.

The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the sales of optical communication product globally. Particulars and principal activities of the subsidiaries are disclosed in Note 37. Mr. Xiang Wei (“Mr. Xiang”) is the founder and ultimate controlling shareholder of the Company.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

The Group has consistently applied all IFRS Accounting Standards issued by the International Accounting Standard Board (“IASB”), which are effective for the Group’s financial year beginning January 1, 2025.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

Except for new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group’s financial position and performance in the foreseeable future.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

2. APPLICATION OF IFRS ACCOUNTING STANDARDS *(Continued)*

IFRS 18 *Presentation and Disclosure in Financial Statements* sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The directors of the Company anticipate that the application of IFRS 18 will affect the structure and presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, but will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”) and by the Hong Kong Companies Ordinance (the “CO”).

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Details about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 28 and 29.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Lease* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices, motor vehicles, machinery, warehouse and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amounts of the initial measurement of the lease liabilities.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

The Group recognizes the cash received from the grantees as a capital contribution from the controlling shareholder(s) of the Company in capital reserve included in other reserves. When shares granted are vested, the amounts previously recognized in share-based payments reserve will be transferred to other reserve. If the grantee leaves the Group before end of the vesting period, the amount previously recognized as capital contribution will remain in the same reserve.

Modification to the terms and conditions and cancellation of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Modification to the terms and conditions and cancellation of the share-based payment arrangements *(Continued)*

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized.

Employee benefit

Retirement benefits costs

Payments to the defined contribution retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contract with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group perform impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables and deposits, restricted bank deposits, short-term bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant increase in credit risk or credit-impaired, and collectively for the remaining balances of debtors using provision matrix based on aging.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Specifically for financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the “other gains and losses” line item.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The Company's own equity instruments held by consolidated entities are recognized and deducted directly in equity and recognized as treasury shares. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instrument.

Financial liabilities at amortized cost

Financial liabilities including bank overdrafts, trade payables, other payables and accruals, borrowings and redemption liabilities are subsequently measured at amortized cost, using the effective interest method.

A contract that contains an obligation to purchase the Group's equity instruments for cash gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligation to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligation previously borne by the controlling shareholder upon the amendments to the terms of financial instruments. On the date of modification, the redemption liabilities are recognized as financial liabilities initially at its fair value, with the amount charged against other reserve within equity. Subsequently, the redemption liabilities are measured at amortized cost with interest charged in finance costs.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. For redemption liabilities, when the preferred rights are lapsed upon listing, the carrying amount of the redemption liabilities is reclassified to equity.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for finished goods

As at December 31, 2025, the carrying amount of the Group's inventories is RMB449,523,000 (2024: RMB547,841,000). During the year ended December 31, 2025, a reversal of allowance on inventories of RMB12,505,000 was recognized in profit or loss (2024: an allowance of inventories of RMB38,854,000).

The Group identifies the obsolete and slow-moving finished goods based on aging of finished goods and physical condition of the finished goods. Net realizable value of finished goods is the estimated selling price in the ordinary course of business, less the estimated expenditure necessary to make the sale in which the significant factors considered by management are the latest selling prices and the expected marketability of the inventories. Change to these estimation could have significant impact on the net realizable value of inventories and the amount of write-down of inventories.

Provision of ECL for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are estimated based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort, which are key sources of estimation uncertainty. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Details about the carrying amounts of trade receivables and allowance for credit losses are provided in Note 22.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Type of products		
High-performance networking solutions	1,073,000	831,107
General networking solutions	1,552,088	1,497,508
Others	340,575	283,178
Total	2,965,663	2,611,793
Timing of revenue recognition		
At a point in time	2,965,663	2,611,793

(ii) Performance obligations for contracts with customers

The Group sells its products to customers through its self-developed e-commerce platforms. Revenue from the sale of products is recognized at the point in time when control of the products is transferred to the customer, generally on the receipt of products by customers.

Majority contracts of the Group provide customers with rights of return, which give rise to variable consideration.

For contracts which provide a customer with a right to return the goods within 30 days, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

The Group grants credit period ranging from 14 days to 90 days to certain customers. For the rest of the customers, payment was required before the Group delivers the products.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers of the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information

Information reported to the Mr. Xiang, being the chief operating decision maker, for the purposes of resource allocation and performance assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major geographic information and customers are presented.

(i) Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about non-current assets (excluding deferred tax assets and financial assets) is presented based on the geographical location of the assets.

	Revenue from external customers	
	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
The United States of America ("USA")	1,590,045	1,223,166
Europe ¹	850,091	898,048
Asia ²	282,306	228,118
Americas (excluding the USA)	131,487	143,927
Oceania	93,765	95,845
Africa	17,969	22,689
Total	2,965,663	2,611,793

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

(i) Geographical information (Continued)

	Non-current assets	
	At December 31,	
	2025	2024
	RMB'000	RMB'000
The USA	14,572	22,286
Europe	54,320	52,865
Asia ³	1,235,754	1,258,394
Oceania	1,917	2,451
Total	1,306,563	1,335,996

¹ Revenue from Europe mainly derived from Germany ("DEU"), the United Kingdom ("GBR") and France.

² Revenue from Asia mainly derived from Japan ("JPN"), Singapore ("SGP") and the PRC.

³ Non-current assets from Asia mainly located in the PRC.

(ii) Information about major customers

During the both years, no customer contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Government grants <i>(Note)</i>	4,956	5,646
Bank interest income	5,768	6,651
Others	1,420	514
	12,144	12,811

Note: Government grants represented subsidies received from relevant government authorities, mainly including subsidy for steady growth in software and information technology service industry, subsidy for cross-border E-commerce enterprise and high-tech enterprise subsidy. There are no unfulfilled conditions and contingencies attached to these grants.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Impairment losses (recognized) reversed on:		
– trade receivables	(2,623)	(1,086)
– other receivables	(87)	78
	<u>(2,710)</u>	<u>(1,008)</u>

8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Fair value changes of financial assets at FVTPL	12,538	8,731
Foreign exchange gains (losses), net	22,190	(9,615)
Gain (loss) gain on disposal of property, plant and equipment	12	(97)
Gain on early termination of leases	363	33
	<u>35,103</u>	<u>(948)</u>

9. FINANCE COSTS

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Interests on:		
– bank loans	13,122	13,631
– lease liabilities	6,493	4,913
– redemption liabilities	8,508	–
	<u>28,123</u>	<u>18,544</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	48,935	49,631
Hong Kong profits tax	262	4,471
USA profits tax	14,004	14,334
DEU profits tax	859	7,829
SGP profits tax	11,961	1,948
Other jurisdictions (<i>Note</i>)	2,687	969
	<u>78,708</u>	<u>79,182</u>
Underprovision in prior years	<u>877</u>	<u>10</u>
	<u>79,585</u>	<u>79,192</u>
Deferred tax charge (credit) (<i>Note 20</i>)	<u>4,210</u>	<u>(19,874)</u>
	<u>83,795</u>	<u>59,318</u>

Note: Other jurisdictions included profits tax in Australia ("AUS"), the GBR and JPN.

The Company, which operates in the PRC, was qualified as a "High and New Technology Enterprise" in 2019, with a valid period of three years and entitled to a preferential income tax rate of 15%. The qualification was subsequently renewed in 2022 for a further three years until December 2025. The qualification was renewed in December 2025 for a further three years. Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司), a subsidiary of the Company, was also qualified as a "High and New Technology Enterprise" in December 2024, with a valid period of three years from December 2024, and entitled to a preferential income tax rate of 15%.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

10. INCOME TAX EXPENSE (Continued)

During the both years, several subsidiaries in PRC were qualified as small and micro enterprises under the PRC EIT regime, which enjoyed an EIT rate of 5%, the tax rate of the remaining PRC subsidiaries is 25% under the Law of the PRC on EIT and Implementation Regulation of EIT Law.

According to a policy promulgated by the State Taxation Administration of the PRC and effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 75% of the research and development expenses incurred in a year as extra tax deductible expenses in determining the taxable income for that year ("Super Deduction"). The Super Deduction rate was increased to 100% since October 2022. The Company and Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司) claimed such Super Deduction in determining its tax assessable profits for both years.

The tax rate of the overseas subsidiaries was subject to the law on income tax in the countries they operated. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, a subsidiary in Hong Kong was entitled to the preferential EIT rate of 8.25% for the first Hong Kong dollars ("HKD")2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million. A subsidiary in United States was taxed at the federal tax rate of 21% and state tax rate ranging from nil to 9.99% during both years. The subsidiaries in DEU, AUS, SGP and JPN was taxed at the tax rate of 28.08%, 30%, 17% or 5% (17% during January 1, 2022 to March 31, 2025 and 5% from April 1, 2025 onwards) and 36.80% respectively during both years. A subsidiary in GBR was taxed at the tax rate of ranging from 19% to 25% during both years.

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit before tax	685,260	456,575
Tax at PRC EIT rate of 15%	102,789	68,486
Effect of different tax rates of subsidiaries	(8,046)	405
Tax effect of expenses not deductible for tax purpose	1,570	326
Tax effect of income not taxable for tax purpose	(644)	(378)
Tax effect of Super Deduction	(20,692)	(16,730)
Effect of changes in tax rates on deferred tax	4,596	9,877
Underprovision in prior years	877	10
Others	3,345	(2,678)
	83,795	59,318

* The English translation of the name of the above domestic subsidiary is for reference only. The official name of this subsidiary is in Chinese.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment	91,863	69,318
Depreciation of investment properties	214	–
Depreciation of right-of-use assets	30,989	29,269
Amortization of intangible assets		
– Cost of sales	3,448	3,525
– Selling and distribution expenses	219	77
– General and administrative expenses	2,675	2,049
– Research and development expenses	1,388	1,231
	<u>7,730</u>	<u>6,882</u>
Total depreciation and amortization	<u>130,796</u>	<u>105,469</u>
Auditor's remuneration (<i>Note</i>)	1,566	1,073
Cost of inventories recognized as cost of sales	1,363,054	1,266,630
Allowance on (reversal of allowance on) inventories included in cost of sales	(12,505)	38,854
Listing expenses	22,750	893
Directors', chief executive's and supervisors' emoluments (<i>Note 12</i>)	14,976	8,835
Other staff costs:		
Salaries and allowances	459,981	400,614
Retirement benefit scheme contributions	27,925	23,762
Share-based payment expenses	10,285	3,992
Total staff costs	<u>513,167</u>	<u>437,203</u>

Note: Auditor's remuneration of RMB1,566,000 for annual audit services for the year ended December 31, 2025 is also included in the listing expense disclosed separately above.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Directors', chief executive's and supervisors' emoluments for both years, disclosed pursuant to applicable Listing Rules and the CO, are as follows:

	Year ended December 31, 2025				Total RMB'000
	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus* RMB'000	Shared-based payment expenses RMB'000	
Executive directors					
Mr. Xiang (Chairman and chief executive) (Note ii)	2,509	21	727	4,917	8,174
Mr. Zeng Di	1,376	61	450	2,354	4,241
	<u>3,885</u>	<u>82</u>	<u>1,177</u>	<u>7,271</u>	<u>12,415</u>
Non-executive directors					
Mr. Peng Chao	-	-	-	-	-
Mr. Zhu Chunlin (Note i)	-	-	-	-	-
Mr. Zhao Pan (Note i)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Independent non-executive directors					
Mr. Ran Long	120	-	-	-	120
Mr. Guo Fei	120	-	-	-	120
Mr. Chen Lin (Note i)	72	-	-	-	72
Ms. Wang Jing (Note i)	48	-	-	-	48
	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>
Supervisors					
Mr. Zhang Denghui	580	58	140	92	870
Ms. Duan Ting	738	16	14	65	833
Ms. Zhu Yue	348	42	26	82	498
	<u>1,666</u>	<u>116</u>	<u>180</u>	<u>239</u>	<u>2,201</u>
Total	<u>5,911</u>	<u>198</u>	<u>1,357</u>	<u>7,510</u>	<u>14,976</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (Continued)

	Year ended December 31, 2024				
	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus* RMB'000	Shared-based payment expenses RMB'000	Total RMB'000
Executive directors					
Mr. Xiang (Chairman and chief executive)	1,980	22	867	541	3,410
Mr. Zeng Di	1,375	54	450	1,120	2,999
	<u>3,355</u>	<u>76</u>	<u>1,317</u>	<u>1,661</u>	<u>6,409</u>
Non-executive directors					
Mr. Peng Chao	-	-	-	-	-
Mr. Zhu Chunlin	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Independent non-executive directors					
Mr. Ran Long	120	-	-	-	120
Mr. Guo Fei	103	-	-	-	103
Mr. Chen Lin	120	-	-	-	120
	<u>343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343</u>
Supervisors					
Mr. Zhang Denghui	585	51	140	38	814
Ms. Duan Ting	770	15	14	26	825
Ms. Zhu Yue	349	41	26	28	444
	<u>1,704</u>	<u>107</u>	<u>180</u>	<u>92</u>	<u>2,083</u>
Total	<u>5,402</u>	<u>183</u>	<u>1,497</u>	<u>1,753</u>	<u>8,835</u>

* The discretionary bonus is based on the performance of the directors and supervisors of the Company and the Group.

Notes:

- (i) Mr. Zhu Chunlin and Mr. Chen Lin were resigned from their roles on May 23, 2025 while Mr. Zhao Pan and Ms. Wang Jing had been appointed as non-executive director and independent non-executive director of the Company, respectively on May 23, 2025.
- (ii) The shared-based payment expense for Mr. Xiang included the immediate expense recognition due to acceleration of vesting arising from the cancellation of 2023 Incentive Scheme and 2024 Incentive Scheme (as defined in Note 34).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS *(Continued)*

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company. The supervisors' emoluments shown above were for their services as supervisors of the Company.

There was no arrangement under which the directors or the supervisors waived or agreed to waive any remuneration during both years.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included two (2024: two) directors for the year ended December 31, 2025, respectively, whose emoluments are included in the disclosure above. The emoluments of the remaining three individuals for the year are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	6,771	7,088
Discretionary bonus	1,038	597
Retirement benefit scheme contributions	110	72
Share-based payment expenses	1,144	248
	<u>9,063</u>	<u>8,005</u>

The number of highest paid employees who are not the directors, chief executive and supervisors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,	
	2025	2024
	No. of employees	No. of employees
HKD1,500,001 to HKD2,000,000	2	2
HKD5,500,001 to HKD6,000,000	–	1
HKD6,000,001 to HKD6,500,000	1	–
	<u>3</u>	<u>3</u>

During both years, no emoluments were paid by the Group to the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

14. DIVIDEND

During the year ended December 31, 2025, a dividend of RMB0.55556 per share, with the aggregated amount of RMB200,000,000, was paid to shareholders of the Company in May 2025 (2024: Nil).

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit for the year	<u>601,465</u>	<u>397,257</u>
	Year ended December 31,	
	2025	2024
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>343,768,627</u>	343,768,627
Effect of dilutive potential ordinary shares in respect of – Shares issued for employee incentive scheme	<u>11,543,606</u>	<u>10,985,921</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>355,312,233</u>	<u>354,754,548</u>

During the year ended December 31, 2025, the computation of diluted earnings per share does not assume the impact of the redemption liabilities, as their inclusion would have been anti-dilutive.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Machinery RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
COST								
At January 1, 2024	208,717	119,774	7,095	12,265	69,255	5,191	20,717	443,014
Additions	771,138	324	111,936	1,581	27,625	154	4,920	917,678
Disposal	-	-	-	(18)	(2,033)	(245)	(2,395)	(4,691)
Written off	-	-	-	(439)	(1,754)	(309)	(1,315)	(3,817)
Transfer	-	88,258	(90,419)	-	521	159	1,481	-
Exchange adjustments	-	(155)	(55)	33	(33)	(33)	(101)	(344)
At December 31, 2024	979,855	208,201	28,557	13,422	93,581	4,917	23,307	1,351,840
Additions	-	4,557	22,703	10,922	32,289	168	3,259	73,898
Disposal	-	-	-	-	(1,582)	(5)	(312)	(1,899)
Written off	-	(1,008)	-	(611)	(231)	-	-	(1,850)
Transfer	-	48,487	(48,527)	-	40	-	-	-
Transfer to investment properties	(11,442)	-	-	-	-	-	-	(11,442)
Exchange adjustments	-	815	15	(41)	142	(148)	184	967
At December 31, 2025	968,413	261,052	2,748	23,692	124,239	4,932	26,438	1,411,514
DEPRECIATION								
At January 1, 2024	13,077	27,932	-	2,971	39,649	2,983	9,536	96,148
Provided for the year	38,781	5,987	-	2,115	19,299	606	2,530	69,318
Eliminated on disposal	-	-	-	(10)	(1,867)	(232)	(2,107)	(4,216)
Eliminated on written off	-	-	-	(285)	(1,656)	(294)	(1,193)	(3,428)
Exchange adjustments	-	(9)	-	18	(5)	(18)	(37)	(51)
At December 31, 2024	51,858	33,910	-	4,809	55,420	3,045	8,729	157,771
Provided for the year	44,614	15,795	-	1,760	24,241	551	4,902	91,863
Eliminated on disposal	-	-	-	-	(1,464)	(5)	(252)	(1,721)
Eliminated on written off	-	(1,008)	-	(5)	(195)	-	-	(1,208)
Transfer to investment properties	(274)	-	-	-	-	-	-	(274)
Exchange adjustments	-	(188)	-	438	275	49	41	615
At December 31, 2025	96,198	48,509	-	7,002	78,277	3,640	13,420	247,046
CARRYING VALUES								
At December 31, 2024	927,997	174,291	28,557	8,613	38,161	1,872	14,578	1,194,069
At December 31, 2025	872,215	212,543	2,748	16,690	45,962	1,292	13,018	1,164,468

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, where applicable, are depreciated on a straight-line basis over the following periods:

Land and buildings	20 to 33 years
Leasehold improvement	5 to 10 years, or the lease terms of the leased properties, whichever is shorter
Machinery	10 years
Electronic equipment	3 to 5 years
Motor vehicles	4 to 5 years
Office equipment	5 years

Detail of pledge of property, plant and equipment are disclosed in Note 30.

17. INVESTMENT PROPERTIES

The Group leases out car parks and retail store under operating leases with rentals receivable monthly. The leases typically run for a fixed period of 1 to 5 years and the lease payments are fixed over the lease term.

	Investment properties RMB'000
COST	
At January 1, 2024, December 31, 2024	–
Transfer from property, plant and equipment	11,442
	<hr/>
At December 31, 2025	11,442
	<hr/>
DEPRECIATION	
At January 1, 2024, December 31, 2024	–
Transfer from property, plant and equipment	274
Provided for the year	214
	<hr/>
At December 31, 2025	488
	<hr/>
CARRYING VALUE	
At December 31, 2024	–
	<hr/>
At December 31, 2025	10,954
	<hr/>

The above investment properties, after taking into account the residual values, where applicable, are depreciated on a straight-line basis over 20 to 33 years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

18. RIGHT-OF-USE ASSETS

	Leased properties	
	RMB'000	
As at December 31, 2024		
Carrying amount		119,041
As at December 31, 2025		
Carrying amount		112,277
For the year ended December 31, 2024		
Depreciation charge		29,269
For the year ended December 31, 2025		
Depreciation charge		30,989
	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	3,337	9,171
Total cash outflow for leases	37,170	34,960
Additions to right-of-use assets	27,442	63,548
Early termination of leases	3,217	2,355

During both years, the Group leases offices for its operations. Lease contracts are entered into for fixed term of 1 to 10 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group do not recognize right-of-use assets and lease liabilities for short-term leases of offices, motor vehicles, machinery, warehouse and office equipment. The Group recognize the lease payments for short-term leases in the profit or loss during both years.

At the end of the reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in above.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

19. INTANGIBLE ASSETS

	Patent use right RMB'000	Domain name RMB'000	Software use right RMB'000	Total RMB'000
COST				
At January 1, 2024	17,560	14,975	7,689	40,224
Additions	–	–	4,239	4,239
Exchange adjustments	263	–	–	263
	<u>17,823</u>	<u>14,975</u>	<u>11,928</u>	<u>44,726</u>
At December 31, 2024	17,823	14,975	11,928	44,726
Additions	316	–	1,954	2,270
Exchange adjustments	(396)	–	–	(396)
	<u>17,743</u>	<u>14,975</u>	<u>13,882</u>	<u>46,600</u>
At December 31, 2025	17,743	14,975	13,882	46,600
AMORTIZATION				
At January 1, 2024	8,193	6,562	4,552	19,307
Provided for the year	3,524	1,498	1,860	6,882
Exchange adjustments	162	–	–	162
	<u>11,879</u>	<u>8,060</u>	<u>6,412</u>	<u>26,351</u>
At December 31, 2024	11,879	8,060	6,412	26,351
Provided for the year	3,675	1,498	2,557	7,730
Exchange adjustments	(264)	–	–	(264)
	<u>15,290</u>	<u>9,558</u>	<u>8,969</u>	<u>33,817</u>
At December 31, 2025	15,290	9,558	8,969	33,817
CARRYING VALUE				
At December 31, 2024	<u>5,944</u>	<u>6,915</u>	<u>5,516</u>	<u>18,375</u>
At December 31, 2025	<u>2,453</u>	<u>5,417</u>	<u>4,913</u>	<u>12,783</u>

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Patent use right	5 years
Domain name	10 years
Software use right	1-10 years

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

20. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset.

The followings are the deferred tax assets (liabilities) recognized by the Group and movements therein during the both years:

	ECL provision	Allowance on inventories	Accruals	Refund liabilities, net of right to returned goods asset	Tax losses	Unrealized profit for inventories	Accelerated tax depreciation	Share-based payment expenses	Right-of use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	398	9,297	2,342	384	24,988	50,070	(2,278)	5,903	(22,575)	22,336	90,865
Credit (charge) to											
profit or loss	34	7,578	3,320	30	(10,648)	27,435	(611)	1,065	(4,315)	5,863	29,751
Exchange adjustments	-	790	-	-	(993)	-	-	-	-	-	(203)
Effect of changes											
in tax rates											
on deferred tax	(2)	(671)	-	-	(9,204)	-	-	-	-	-	(9,877)
At December 31, 2024	430	16,994	5,662	414	4,143	77,505	(2,889)	6,968	(26,890)	28,199	110,536
Credit (charge) to											
profit or loss	453	73	(1,083)	(150)	(2,761)	(405)	236	2,669	3,375	(2,029)	378
Exchange adjustments	-	-	-	-	(244)	-	-	-	-	-	(244)
Effect of changes											
in tax rates											
on deferred tax	(4)	(3,147)	-	-	-	-	-	-	3,448	(4,885)	(4,588)
At December 31, 2025	879	13,920	4,579	264	1,138	77,100	(2,653)	9,637	(20,067)	21,285	106,082

21. INVENTORIES

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Finished goods	449,523	547,841
Goods in transit	7,940	11,437
Consumables	15,730	12,993
	473,193	572,271

As at the end of the reporting period, all the inventories of the Group are expected to be recovered within 12 months.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

22. TRADE RECEIVABLES

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables – third parties	224,070	156,889
Less: allowance for credit losses	(3,609)	(2,273)
	220,461	154,616

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of delivery:

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Within 3 months	209,762	146,843
3 to 6 months	8,640	4,659
6 months to 1 year	2,059	3,114
	220,461	154,616

As at January 1, 2024, trade receivables from contracts with customers amounted to approximately RMB122,599,000.

The Group grant the credit period ranging from 14 days to 90 days to its trade customers.

As at December 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB77,041,000 (2024: RMB55,496,000) which are past due. Out of the past due balances, RMB10,268,000 (2024: RMB6,397,000) have been past due over 90 days and are not considered as in default due to the history of cooperation, the sound collection history or the solid credit rating of the debtors.

Details of impairment assessment of trade receivables are set out in Note 40.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Deductible value-added tax	88,818	114,190
Advances to suppliers	56,031	20,024
Refundable value-added tax	52,720	42,919
Rental deposits	19,844	21,691
Prepayments	3,432	5,947
Deferred issue costs	2,604	–
Prepaid listing expenses	1,544	–
Others	4,039	4,165
	229,032	208,936
Less: allowance for credit losses	(423)	(336)
	228,609	208,600
Represented by:		
– Non-current	68,896	88,296
– Current	159,713	120,304
	228,609	208,600

Details of impairment assessment of other receivables and deposits are set out in Note 40.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Structured deposits	<u>762,766</u>	<u>506,444</u>

The structured deposits represent structured deposit products issued by commercial banks and mainly invest in bank deposits with the price linked to gold price and exchange rate.

25. BANK BALANCES AND CASH/SHORT-TERM BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK OVERDRAFTS

Bank balances and cash include demand deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0% to 4.40% per annum as at December 31, 2025 (2024: 0% to 1.35% per annum). Restricted bank deposits carry fixed interest rates from 0% to 4.398% per annum as at December 31, 2025 (2024: 0% to 4.398% per annum).

The Group's short-term bank deposits amounting to RMB93,000,000 with original maturity of over three months carried interest rates from 1.80% to 1.85% per annum as at December 31, 2024, were fully matured during the year ended December 31, 2025.

The Group's restricted bank deposits represented the deposits placed in a bank for obtaining the letter of guarantee and the overseas subsidiaries' credit cards' limit.

Bank overdrafts

Bank overdrafts did not incur any interest during both years.

Details of impairment assessment of bank balances, short-term bank deposits and restricted bank deposits are set out in Note 40.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

26. TRADE PAYABLES

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Trade payables – third parties	<u>236,042</u>	<u>251,449</u>

The credit period on trade payables ranges from 0 to 180 days. The aging analysis of the Group's based on the invoice dates at the end of the reporting period are as follow:

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Within 3 months	199,372	169,869
3 to 6 months	34,280	62,249
6 months to 1 year	<u>2,390</u>	<u>19,331</u>
	<u>236,042</u>	<u>251,449</u>

27. OTHER PAYABLES AND ACCRUALS

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Accrued staff costs	58,809	52,182
Other tax payables	41,451	23,478
Accrued advertising costs	14,416	16,203
Payables for construction costs	14,321	19,623
Other accrued expenses	13,173	8,032
Accrued freight costs	11,446	13,926
Accrued listing expenses and issue costs	5,385	–
Payables for patent use right	–	3,581
Others	<u>2,601</u>	<u>2,258</u>
	<u>161,602</u>	<u>139,283</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

28. REFUND LIABILITIES

The refund liabilities relate to customers' right to return products under the Group's return policy of 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Group use its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Refund liabilities arising from right of return	<u>6,417</u>	<u>6,987</u>

29. CONTRACT LIABILITIES

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Contract liabilities from customers	<u>70,547</u>	<u>40,692</u>

As at January 1, 2024, contract liabilities amounted to RMB109,499,000. The directors of the Company considered that the entire balance of contract liabilities would be realized within the Group's normal operating cycle based on the Group's earliest obligation to provide services to the customers and are classified as current liabilities.

The following table shows the amount of revenue recognized during both years relates to carried-forward contract liabilities at the beginning of the year.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>40,692</u>	<u>109,499</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

30. BORROWINGS

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Secured bank loans	<u>509,620</u>	<u>573,360</u>

As at December 31, 2025, the Group's secured bank loans amounting to RMB509,620,000 (2024: RMB573,360,000) were secured by the certain owned land and buildings of the Group with carrying amount of RMB828,470,000 (2024: RMB857,741,000). Included in the secured bank loans stated above, RMB74,099,000 (2024: RMB61,670,000) were guaranteed by the Company; RMB435,521,000 (2024: RMB487,858,000) as at December 31, 2025 were unguaranteed. RMB23,832,000 as at December 31, 2024 were guaranteed by the Company and Mr. Xiang.

	At December 31,	
	2025	2024
	RMB'000	RMB'000
The carrying amounts of the above borrowings are repayable:		
Within one year	176,247	63,787
Within a period of more than one year but not exceeding two years	48,700	176,200
Within a period of more than two years but not exceeding five years	146,100	146,100
Within a period of more than five years	138,573	187,273
	509,620	573,360
Less: Amounts due within one year shown under current liabilities	(176,247)	(63,787)
Amounts shown under non-current liabilities	333,373	509,573

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

30. BORROWINGS (Continued)

The bank borrowings are all variable-rate borrowings. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Effective interest rate:		
Variable-rate borrowings (per annum)	<u>2.20% to 2.70%</u>	<u>2.30% to 4.50%</u>

31. LEASE LIABILITIES

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	26,917	24,371
Within a period of more than one year but not more than two years	23,454	19,963
Within a period of more than two years but not more than five years	51,454	64,167
Within a period of more than five years	18,929	16,650
	120,754	125,151
Less: Amount due for settlement with 12 months shown under current liabilities	(26,917)	(24,371)
Amount due for settlement after 12 months shown under non-current liabilities	93,837	100,780

As at December 31, 2025, the incremental borrowing rates applied to lease liabilities was 1.48% to 5.51% per annum (2024: 1.48% to 5.51% per annum).

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FOR THE YEAR ENDED DECEMBER 31, 2025

32. REDEMPTION LIABILITIES

On May 27, 2025, the Company and all shareholders of the Company entered into a special right termination agreement that all special rights previously granted to certain shareholders, other than redemption rights which were borne by the controlling shareholder, Mr. Xiang, were terminated upon first submission of the listing application to the Stock Exchange ("Listing Application"). The redemption rights was remained, and ceased to be exercisable immediately before the first submission of the Listing Application by the Company, and resumed to be exercisable if (a) the Company voluntarily withdraws the Listing Application; (b) the Listing Application is withdrawn, rejected, returned, or otherwise terminated by the relevant regulators; (c) the Listing Application becomes invalid and the Company fails to resubmit the Listing Application within six months from the expiry date of first submission of Listing Application, or resubmits the Listing Application which then becomes expired again; (d) the Company fails to obtain a filing notice for overseas listing from the China Securities Regulatory Commission; (e) the Company fails to pass the Stock Exchange's listing committee hearing, or after the Company passes the hearing, the Company has not issued shares and listed on the Stock Exchange within 12 months from the date of hearing; or (f) the Company fails to achieve the initial listing of shares on the Stock Exchange before December 31, 2026 for other reasons. Such redemption obligation was also amended from bearing by the controlling shareholder, Mr. Xiang, to the Company, and was effective from May 27, 2025, the date of first submission of the Listing Application. The redemption amount is the original investment principal from the respective investors plus an annual rate ranging from 5% to 10% per annum of the original investment principal calculated from the relevant receipt date of investments to December 1, 2024 (calculated as 365 days in a calendar year) and deducted the accumulated dividends received by the relevant investors.

The redemption rights granted to the investors constitute as the Company's obligations to repurchase its own equity instruments upon the amendments to the terms of financial instruments as detailed above. On the date of modification, such obligations were recognized as redemption liabilities and are initially measured at fair value (representing the present value of the cash flows for settling the related obligations if these rights are exercised by the investors), with the corresponding amount charged against the other reserve within equity. The redemption liabilities are subsequently measured at amortized cost. The Company applied a discount rate of 2.20% in determining the initial recognition amount of the redemption liabilities.

The movements of redemption liabilities during the year ended December 31, 2025 are set out below:

	RMB'000
At January 1, 2025	–
Initial recognition on May 27, 2025	659,395
Imputed interest charged to profit or loss (<i>Note 9</i>)	8,508
	<hr/>
At December 31, 2025	667,903

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FOR THE YEAR ENDED DECEMBER 31, 2025

33. SHARE CAPITAL

	Number of shares '000	Share capital RMB'000
Ordinary shares of RMB1 each Registered, issued, and fully paid At January 1, 2024, December 31, 2024 and 2025	<u>360,000</u>	<u>360,000</u>

As at December 31, 2025, among the 360,000,000 ordinary shares issued, 93,933,248 ordinary shares are held by certain shareholders who have redemption rights described in Note 32.

34. SHARE-BASED PAYMENT

In year 2018, the Company has adopted the employee incentive scheme (“the Employee Incentive Scheme”) which is valid for ten years since adoption and is subject to termination by the shareholders as provided under the Employee Incentive Scheme and established three limited partnerships, Shenzhen Yuxuan Prudence Technology Partnership (Limited Partnership) 深圳市宇軒穩健科技合夥企業(有限合夥) (“Yuxuan Prudence”), Shenzhen Yuxuan Progress Technology Partnership (Limited Partnership) 深圳市宇軒進取科技合夥企業(有限合夥) (“Yuxuan Progress”), Shenzhen Yuxuan Growth Technology Partnership (Limited Partnership) 深圳市宇軒成長科技合夥企業(有限合夥) (“Yuxuan Growth”) as the employee incentive platforms, with a view to improve the enthusiasm and creativity of the eligible participants of the Employee Incentive Scheme (the “Eligible Participants”), promoting the sustainable growth of the performance of the Group, bringing value-added benefits to the Eligible Participants while enhancing the value of the Group, and thus realizing the common development of both the Eligible Participants and the Group. The Eligible Participants shall subscribe for partnership interest therein according to the amount approved by the board of directors of the Company thereby holding indirect interest in the registered capital of the Company. There were in aggregate five phases of awarding shares granted under the Employee Incentive Scheme from the commencement of the Employee Incentive Scheme to the year end as of December 31, 2023.

During the year ended December 31, 2024, the Group granted the sixth phase of awarding shares under the Employee Incentive Scheme (the “2024 Incentive Scheme”) to one Eligible Participant (the “2024 Eligible Participant”) through Yuxuan Growth. The shares granted to 2024 Eligible Participant were coming from the shares repurchased from the participants of the first, second, third and fourth phases of the Employee Incentive Scheme who have resigned. The shares granted to 2024 Eligible Participant through Yuxuan Growth were 287,657 shares, representing approximately 0.08% of the total issued shares of the Company. The fair value of the granted shares as at the grant date was RMB5,277,000, as determined by the directors of the Company with reference to valuation carried out by an independent qualified professional valuer not connected to the Group. The fair value at the grant date was determined using discounted cash flow model with the key inputs includes growth rates of revenue between 5% and 20% and pre-tax discount rate of 12.81%.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

34. SHARE-BASED PAYMENT *(Continued)*

During the year ended December 31, 2025, the Group canceled the fifth phase of awarding shares under the Employee Incentive Scheme granted during the year ended December 31, 2023 (the “2023 Incentive Scheme”) and 2024 Incentive Scheme, which resulted in immediate expense recognition due to acceleration of vesting and granted the seventh phase of awarding shares under the Employee Incentive Scheme (the “2025 Incentive Scheme”) to 17 Eligible Participants (the “2025 Eligible Participants”) through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth. The shares granted to 2025 Eligible Participants were coming from the shares originally granted one Eligible Participant under the 2023 Incentive Scheme and 2024 Eligible Participant. The shares granted to 2025 Eligible Participants through Yuxuan Prudence, Yuxuan Progress and Yuxuan Growth were 79,502, 177,001 and 123,754 shares, representing approximately 0.02%, 0.05% and 0.03% of the total issued shares of the Company (as at the date of the adoption of the 2025 Employee Incentive Scheme), respectively. The fair value of the granted shares as at the grant date was RMB5,704,000, as determined by the directors of the Company with reference to the recent transaction price between shareholders.

The three limited partnerships were set up for the purpose of administering the Employee Incentive Scheme and holding the shares of the Company granted to the Eligible Participants, and are assessed to be controlled by the Company and consolidated to the Group accordingly.

The granted shares under the first to sixth phase of the Employee Incentive Scheme shall subject to transfer restrictions which is also the vesting condition and such restrictions shall be released from the business day following the third anniversary of the date of listing. The transfer restrictions are as following:

- (i) Eligible Participants are not allowed to withdraw from the partnership platform before the vesting date; and
- (ii) if the Eligible Participants resigned before the vesting date, the granted shares will be repurchased by the controlling shareholder of the Company or a party designated by him at the price of the cost plus an annual interest rate of 10% for Employee Incentive Scheme granted during the years ended December 31, 2018, 2019 and 2020 and the cost plus an annual interest rate of 6% for Employee Incentive Scheme granted during the year ended December 31, 2022, the 2023 Incentive Scheme and the 2024 Incentive Scheme.

During the year ended December 31, 2025, the Group modified the date relating to transfer restrictions and the granted shares shall be released for the first to sixth phase of the Employee Incentive Scheme as following:

- (i) one quarter of the granted share was released from the business day following the first anniversary of the date of listing; and
- (ii) one quarter of the granted share was released from the business day following the second anniversary of the date of listing; and

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

34. SHARE-BASED PAYMENT *(Continued)*

- (iii) one quarter of the granted share was released from the business day following the third anniversary of the date of listing; and
- (iv) one quarter of the granted share was released from the business day following the fourth anniversary of the date of listing.

The transfer restrictions and the modified date relating to transfer restrictions stated above also applied to the 2025 Employee Incentive Scheme.

In addition to the transfer restrictions sets forth above, the release of the shares shall be further subject to the achievement of the certain performance targets of the Company and the grantee respectively (individually and collectively, the "Performance Target(s)"). The remuneration committee of the board of directors of the Company shall review and determine the fulfilment of the Performance Target(s), and report to the board of directors of the Company accordingly.

During the years ended December 31, 2025, share-based payment expenses amounting to RMB17,795,000 (2024: RMB5,745,000) were recognized. The shares granted but not vested at December 31, 2024 and 2025 were 16,231,373 shares.

35. RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a state-managed retirement benefit scheme operated by the government in PRC, USA, DEU, AUS, GBR and JPN. These entities are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions amounted to approximately RMB28,123,000 for the years ended December 31, 2025 (2024: RMB23,945,000). No forfeited contributions have been used to reduce the level of contributions during the both years.

36. CAPITAL COMMITMENTS

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	18,994	27,093

Notes to the Consolidated Financial Statements

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37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries held by the Company are set out below.

The below table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group.

Name of subsidiaries	Place and date of incorporation/ establishment	Registered/ issued capital	Percentage of attributable equity interest held by the Group		Principal activities/place of operation
			As at December 31,		
			2025 %	2024 %	
Directly owned:					
Wuhan FS.COM Technology Co., Ltd.* (武漢宇軒飛速通信技術有限公司)	PRC/October 15, 2018	RMB100,000,000/ RMB100,000,000	100	100	Research and development, supply chain management and warehousing/PRC
FS Innovation (Wuhan) Co., Ltd.* (飛速創新通信技術(武漢)有限公司)	PRC/February 9, 2022	RMB10,000,000/ RMB10,000,000	100	100	After-sales service/PRC
FS Innovation (Shanghai) Co., Ltd.* (飛速創新通信技術(上海)有限公司)	PRC/November 1, 2021	RMB10,000,000/ RMB10,000,000	100	100	Sales support/PRC
Wuhan FS.COM Commerce Co., Ltd.* (武漢飛速創新商務服務有限公司)	PRC/July 18, 2024**	RMB10,000,000/ RMB10,000,000	100	100	Sales support/PRC
FS Innovation (Shenzhen) Co., Ltd.* (深圳市飛速創新國際貿易有限公司)	PRC/July 17, 2024**	RMB10,000,000/ RMB10,000,000	100	100	Trading/PRC
FS.COM HK LIMITED	Hong Kong/ November 8, 2016	HKD 100,000/ HKD100,000	100	100	Trading and sales settlement/HONG KONG
Indirectly owned:					
FS.COM INC	USA/April 30, 2018	United States Dollar ("USD") 20,000/USD20,000	100	100	Trading and warehousing/USA
FS.COM GmbH	DEU/May 11, 2017	Euro ("EUR") 25,000/EUR25,000	100	100	Trading and warehousing/DEU
FS.COM PTY LTD	AUS/July 19, 2017	Australian Dollar ("AUD") 10,000/AUD10,000	100	100	Trading and warehousing/AUS
FS TECH PTE. LTD	SGP/June 4, 2018	USD38,000/USD38,000	100	100	Trading and warehousing/SGP
FS.COM INNOVATION LTD	GBR/July 20, 2017	Great Britain Pound ("GBP") 10,000/GBP10,000	100	100	Trading and warehousing/GBR
FS JAPAN CO., LTD	JPN/December 11, 2019	Japanese Yen ("JPY") 10,000,000/JPY10,000,000	100	100	Trading and warehousing/JPN
FS INNOVATION CANADA INC.	Canada/December 4, 2025**	Canadian Dollar ("CAD") 10,000/CAD10,000	100	N/A	Trading and warehousing/Canada

* The English translation of the names of the above domestic subsidiaries is for reference only. The official names of these entities are in Chinese.

** These subsidiaries were established by the Group during the relevant years.

None of the subsidiaries had issued any debt securities as at the end of both years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	539,284	753,364
Right-of-use assets	4,191	9,046
Investment properties	246,251	46,770
Intangible assets	8,891	9,503
Deferred tax assets	8,719	7,366
Other receivables, deposits and prepayments	51,175	70,813
Deposits for the acquisition of property, plant and equipment	23	4,511
Investments in subsidiaries	140,085	150,085
	998,619	1,051,458
Current assets		
Inventories	1,159	7,106
Trade receivables	2,608	15,169
Other receivables, deposits and prepayments	27,497	54,989
Amounts due from subsidiaries	1,157,526	1,222,072
Right to returned goods asset	56	323
Tax recoverable	16,960	6,882
Financial assets at FVTPL	762,766	506,444
Restricted bank deposits	800	800
Short-term bank deposits	-	93,000
Bank balances and cash	222,978	212,146
	2,192,350	2,118,931
Current liabilities		
Trade payables	40	82
Other payables and accruals	37,386	37,800
Amounts due to subsidiaries	260,346	259,301
Refund liabilities	121	666
Contract liabilities	1,933	1,283
Lease liabilities	2,277	5,108
Tax payables	-	1,541
Borrowings	164,836	52,336
Redemption liabilities	667,903	-
	1,134,842	358,117

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Net current assets	1,057,508	1,760,814
Total assets less current liabilities	2,056,127	2,812,272
Non-current liabilities		
Lease liabilities	2,293	4,302
Borrowings	270,686	435,522
	272,979	439,824
Net assets	1,783,148	2,372,448
Capital and reserves		
Share capital	360,000	360,000
Reserves	1,423,148	2,012,448
Total equity	1,783,148	2,372,448

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

The movement of the reserves of the Company are as follows:

	Share Premium RMB'000	Statutory surplus reserve RMB'000	Share- based payment reserve RMB'000	Retained profits RMB'000	Other reserve RMB'000	Total RMB'000
At January 1, 2024	562,045	113,375	27,708	970,088	–	1,673,216
Profit and total comprehensive income for the year	–	–	–	333,487	–	333,487
Transfer	–	33,349	–	(33,349)	–	–
Recognition of share-based payment expenses	–	–	5,745	–	–	5,745
At December 31, 2024	562,045	146,724	33,453	1,270,226	–	2,012,448
Profit and total comprehensive income for the year	–	–	–	252,300	–	252,300
Transfer	–	25,468	–	(25,468)	–	–
Dividends recognized as distribution	–	–	–	(200,000)	–	(200,000)
Recognition of redemption liabilities	–	–	–	–	(659,395)	(659,395)
Recognition of share-based payment expenses	–	–	17,795	–	–	17,795
At December 31, 2025	562,045	172,192	51,248	1,297,058	(659,395)	1,423,148

39. CAPITAL RISK MANAGEMENT

The Group manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged throughout the both years.

The capital structure of the Group consists of net debts, which includes bank overdrafts, lease liabilities, redemption liabilities and borrowings, net of bank balances and cash and total equity attributable to owners of the Company, comprising share capital, share premium and retained profits.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Amortized cost	1,078,441	828,074
Financial assets at FVTPL	762,766	506,444
	<u>1,841,207</u>	<u>1,334,518</u>
Financial liabilities		
Amortized cost	1,480,467	892,981

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, financial assets at FVTPL, restricted bank deposits, short-term bank deposits, bank balances and cash, trade payables, other payables and accruals, borrowings, lease liabilities, bank overdrafts and redemption liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain bank balances, trade and other receivables and trade and other payables, are denominated in foreign currency of respective group entities which exposure the Group to foreign currency risk. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk* (Continued)

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are mainly as follows:

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Assets		
USD	1,038,913	997,730
EUR	586,322	404,362
SGD	346,365	185,541
CAD	4,765	95,017

	At December 31,	
	2025	2024
	RMB'000	RMB'000
Liabilities		
USD	489,732	432,822
EUR	319,916	115,100
SGD	184,142	193,899
CAD	-	1

The Group's foreign currency risk is concentrated on the fluctuation of RMB against USD, EUR, SGD and CAD.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk* (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in RMB against USD, EUR, SGD and CAD. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RMB weakens 10% against other currencies. For a 10% strengthening of RMB against other currencies, there would be an opposite impact on the post-tax profit for the year.

	At December 31,	
	2025	2024
	RMB'000	RMB'000
USD	46,680	48,017
EUR	19,980	24,587
SGD	12,167	(710)
CAD	453	7,506

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits (Note 25), short-term bank deposits (Note 25), lease liabilities (Note 31) and redemption liabilities (Note 32). The Group are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 25) and variable-rate borrowings (Note 30). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on borrowings. The Group manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management considers that the exposure of fair value interest rate risk in relation to restricted bank deposits, lease liabilities and redemption liabilities is insignificant and no sensitivity analysis is presented accordingly. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Interest rate risk* (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate borrowings rate are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2025 would decrease/increase by RMB2,166,000 (2024: RMB2,437,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, restricted bank deposits, short-term bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

Trade receivables

Before accepting any new customer, the Group use an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced. The Group's concentration of credit risk by geographical locations is mainly in the United States, which accounted for 57% of the total trade receivables as at December 31, 2025 (2024: 53%). In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables *(Continued)*

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired with the gross carrying amounts of RMB3,077,000 for the Group as at December 31, 2025 (2024: RMB1,679,000), the Group determines the ECL on these items on a collective basis, grouped by aging of trade receivables. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

The management makes periodic assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group assessed impairment based on 12m ECL. During the years ended December 31, 2025, impairment loss of RMB87,000 has been recognized (2024: reversed of impairment loss of RMB78,000).

Restricted bank deposits, short-term bank deposits and bank balances

Credit risk on restricted bank deposits, short-term bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed restricted bank deposits, short term bank deposits and bank balances on 12m ECL basis by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits, short-term bank deposits, and bank balances is considered to be insignificant and therefore no loss allowance was recognized.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' aging (Continued)

Gross carrying amount

	December 31, 2025		December 31, 2024	
	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000
1 – 90 days	0.09%	209,949	0.10%	146,987
91 – 180 days	1.40%	8,763	1.47%	4,729
181 – 360 days	9.73%	2,281	10.88%	3,494
		220,993		155,210

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at December 31, 2025, the Group recognized impairment allowance of RMB3,609,000 (2024: RMB2,273,000) for trade receivables.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables:

	At December 31,	
	2025 RMB'000	2024 RMB'000
Beginning balance	2,273	2,145
Loss allowance recognized, net		
– Credit-impaired	2,334	363
– Not credit-impaired	289	723
Write-offs		
– Credit-impaired	(942)	(227)
– Not credit-impaired	(357)	(717)
Exchange difference	12	(14)
Closing balance	3,609	2,273
Analyzed as:		
– Credit-impaired	3,077	1,679
– Not credit-impaired	532	594
	3,609	2,273

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' aging (Continued)

Gross carrying amount (Continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one years, whichever occurs earlier.

Liquidity risk

In the management of the liquidity risk, the Group monitor and maintain a level of bank balances and cash deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings.

The Group relies on bank borrowings as a significant source of liquidity. As at December 31, 2025, the Group has available unutilized overdraft of nil (2024: RMB130,000,000).

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

	Interest rate	On demand or less than 1 year RMB'000	1 year to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
	%					
At December 31, 2025						
Trade payables	-	236,042	-	-	236,042	236,042
Other payables and accruals	-	61,342	-	-	61,342	61,342
Bank overdrafts	-	5,560	-	-	5,560	5,560
Borrowings	2.20 – 2.70	185,616	217,615	143,851	547,082	509,620
Lease liabilities	1.48 – 5.51	33,156	85,993	19,468	138,617	120,754
Redemption liabilities	2.20	682,746	-	-	682,746	667,903
		<u>1,204,462</u>	<u>303,608</u>	<u>163,319</u>	<u>1,671,389</u>	<u>1,601,221</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Interest rate %	On demand or less than 1 year RMB'000	1 year to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2024						
Trade payables	-	251,449	-	-	251,449	251,449
Other payables and accruals	-	63,623	-	-	63,623	63,623
Bank overdrafts	-	4,549	-	-	4,549	4,549
Borrowings	2.30 - 4.50	78,568	355,038	197,966	631,572	573,360
Lease liabilities	1.48 - 5.51	29,524	104,737	18,007	152,268	125,151
		<u>427,713</u>	<u>459,775</u>	<u>215,973</u>	<u>1,103,461</u>	<u>1,018,132</u>

c. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Investments in structured deposit are measured at their fair values in the consolidated statement of financial position. The Group categorized these structured deposits as Level 2 of the fair value hierarchy because they are valued with reference to recent transaction price. No significant unobservable input is used for the fair value valuation. There were no transfers between Level 1 and 2 during both years.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000 <i>(Note 31)</i>	Borrowings RMB'000 <i>(Note 30)</i>	Dividend payable RMB'000	Redemption liabilities RMB'000	Accrued issue costs RMB'000 <i>(Note 27)</i>	Total RMB'000
At January 1, 2024	86,183	96,779	-	-	-	182,962
Financing cash flows	(25,789)	462,950	-	-	-	437,161
New lease entered and lease modified	62,232	-	-	-	-	62,232
Interest expenses	4,913	13,631	-	-	-	18,544
Early termination of leases	(2,388)	-	-	-	-	(2,388)
At December 31, 2024	125,151	573,360	-	-	-	698,511
Financing cash flows	(33,833)	(76,862)	(200,000)	-	(2,065)	(312,760)
New lease entered and lease modified	26,523	-	-	-	-	26,523
Interest expenses	6,493	13,122	-	8,508	-	28,123
Early termination of leases	(3,580)	-	-	-	-	(3,580)
Dividend declared	-	-	200,000	-	-	200,000
Recognition of redemption liabilities	-	-	-	659,395	-	659,395
Deferred issue costs	-	-	-	-	2,604	2,604
At December 31, 2025	120,754	509,620	-	667,903	539	1,298,816

42. RELATED PARTY TRANSACTIONS

Other than as disclosed in Note 30 to the consolidated financial statements, the Group has following transactions and balances with related parties:

The Group

Name	Nature of transaction	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Cloud Venture LLC <i>(Note)</i>	Licensing fee	6,364	6,767

Note: Cloud Venture LLC is controlled by the spouse of Mr. Xiang.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

42. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of directors of the Company and other members (including general manager) of key management of the Group during both years was as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and other benefits in kind	7,873	8,756
Discretionary bonus	2,050	2,046
Retirement benefit scheme contributions	390	361
Share-based payment expenses	8,990	2,449
	<u>19,303</u>	<u>13,612</u>

Guarantees from a related party

Other than as disclosed in Note 30, the Group obtained banking facility of RMB130,000,000 as of December 31, 2024 from independent commercial banks. Such facility was secured by personal guarantee of Mr. Xiang, which was released on November 24, 2025.

Redemption rights of the certain shareholders granted by Mr. Xiang

Prior to January 1 2024, certain shareholders had been granted the redemption right by Mr. Xiang ("Mr. Xiang's Redemption Obligation"). The Company is not a party to the Mr. Xiang's Redemption Obligation. Pursuant to another supplemental agreement entered into by the Company and all shareholders of the Company on May 27, 2025, the Mr. Xiang's Redemption Obligation was terminated prior to the first submission of the Listing Application.

The Company has not provided any form of guarantee in connection with any potential default or failure by Mr. Xiang to fulfill his obligations relating to Mr. Xiang's Redemption Obligation. Accordingly, no financial liability regarding Mr. Xiang's Redemption Obligation was recorded by the Company prior to the first submission of the Listing Application.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2025

43. EVENTS AFTER THE REPORTING PERIOD

On March 23, 2026 (the “Listing Date”), the shares of the Company were listed on the Main Board of the Stock Exchange with stock code 3355, where 40,000,000 shares with a par value of RMB1.00 each were issued at a price of HKD 41.60 each. The proceeds, net of share issuance expense, amounting to HKD1,559.0 million (equivalent to approximately RMB1,379.5 million) have been credited to the Company’s shares capital and share premium account accordingly.

Prior to the listing, certain shareholders were granted redemption rights under the shareholders’ agreements, exercisable upon the failure to achieve the initial listing of shares on the Stock Exchange before December 31, 2026 or other specified events. Upon the listing of the Company’s shares on the Stock Exchange on the Listing Date, such redemption rights were irrevocably terminated and fully extinguished in accordance with the terms of the agreements and the Listing Rules. No such rights or obligations remain outstanding subsequent to the Listing Date. The related redemption liabilities (as detailed in Note 32) were derecognized and reclassified to equity in the consolidated financial statements as of the Listing Date.

On April 17, 2026, the overall coordinators, on behalf of the international underwriters have partially exercised the over-allotment option in respect of an aggregate of 5,675,700 shares. The over-allotment shares were issued and allotted by the Company pursuant to the partial exercise of the over-allotment option at HKD41.60 per share. The Company received additional net proceeds of approximately HKD228.1 million (equivalent to approximately RMB201.4 million) for the 5,675,700 over-allotment shares to be issued and allotted on April 23, 2026 pursuant to the partial exercise of the over-allotment option. For details, please refer to the announcement of the Company dated April 17, 2026.

Pursuant to the announcement issued by the Company on April 23, 2026, the Company has received a civil statement of claim from Huawei Technologies Co., Ltd. (the “Plaintiff”) alleging that the Company had infringed the Plaintiff’s trademark rights. The Plaintiff’s principal claims are that the Company cease infringing the exclusive rights to the registered trademarks, and that the Company be responsible for compensating the Plaintiff. In the opinion of the directors of the Company, after seeking advice from their legal counsel, given the facts that (1) the Company’s products do not infringe the Plaintiff’s trademark rights and (2) sales of the products as referred to by the Plaintiff in the statement of claim accounted for less than 0.2% of the Company’s revenue for the year ended December 31, 2025, the litigation will not have any material adverse impact on the financial position and performance of the Group.

Pursuant to the resolution passed at the meeting of the board of directors of the Company held on April 28, 2026, the directors of the Company proposed a cash dividend of RMB0.493 per ordinary share, with an aggregate amount of RMB200,000,000, which is subject to approval by shareholders at the forthcoming general meeting.



FS.COM Limited

深圳市飛速創新技術股份有限公司