



上海龍旗科技股份有限公司

Shanghai Longcheer Technology Co., Ltd.

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

Stock Code : 9611



2026 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. DU Junhong (*Chairman of the Board*)

Mr. GE Zhengang (*General Manager*)

Mr. GUAN Yadong

Ms. QIN Yanling

Independent Non-executive Directors

Dr. SHEN Jianxin

Mr. YANG Chuan

Dr. NIU Shuangxia

REGISTERED OFFICE IN CHINESE MAINLAND AND HEADQUARTERS

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wan Chai
Hong Kong

H SHARE REGISTRAR

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183 Queen's Road East
Wan Chai
Hong Kong

JOINT COMPANY SECRETARIES

Mr. ZHOU Liangliang

Ms. KWOK Yan Ting Jennis (*a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*)

AUTHORISED REPRESENTATIVES

Mr. DU Junhong

Ms. KWOK Yan Ting Jennis

AUDIT COMMITTEE

Mr. YANG Chuan (*Chairperson*)

Dr. SHEN Jianxin

Dr. NIU Shuangxia

STRATEGY AND ESG COMMITTEE

Mr. DU Junhong (*Chairperson*)

Mr. GE Zhengang

Dr. SHEN Jianxin

NOMINATION COMMITTEE

Dr. SHEN Jianxin (*Chairperson*)

Mr. DU Junhong

Dr. NIU Shuangxia

REMUNERATION AND ASSESSMENT COMMITTEE

Dr. NIU Shuangxia (*Chairperson*)

Mr. YANG Chuan

Dr. SHEN Jianxin

CORPORATE INFORMATION

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISERS TO THE COMPANY

Hong Kong laws

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Ltd. Shanghai Minhang Sub-branch

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Minhang District
Shanghai
PRC

Shanghai Pudong Development Bank Co., Ltd. Huizhou Branch

1/F, Dewei Building
4 Yunshan West Road
Huicheng District
Huizhou City
Guangdong Province
PRC

STOCK CODES

Hong Kong Stock Exchange (H Shares): 9611
Shanghai Stock Exchange (A Shares): 603341

COMPANY'S WEBSITE

www.longcheer.com

FINANCIAL SUMMARY

A summary of the operating results and of the assets and liabilities of the Group for the first half of 2026 is set out below:

	Six months ended June 30,			
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000	Changes RMB'000	%
Results of Operations:				
Revenue	18,661,304	19,907,696	(1,246,392)	(6.3)
Gross Profit	1,738,138	1,566,260	171,878	11.0
Profit for the period	251,109	355,345	(104,236)	(29.3)
Attributable to:				
Owners of the parent	245,858	355,609	(109,751)	(30.9)
Non-controlling interests	5,251	(264)	5,515	(2,089.0)
Profitability:				
Gross profit margin	9.3%	7.9%	–	1.4
Earnings per share (RMB)				
Basic and diluted	0.48	0.77	(0.29)	(37.7)
	As of			
	June 30, 2026 (Unaudited) RMB'000	December 31, 2025 (Audited) RMB'000	Changes RMB'000	%
Financial Position				
Total assets	30,405,609	26,086,335	4,319,274	16.6
Total liabilities	22,934,280	20,260,017	2,674,263	13.2
Total equity	7,471,329	5,826,318	1,645,011	28.2
Cash and bank balances	4,305,963	5,424,341	(1,118,378)	(20.6)
Net current assets	2,313,580	1,818,737	494,843	27.2

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Company is a technology enterprise engaged in the research and development, design, manufacturing, and comprehensive services of smart products, operating in the smart device ODM industry. Its business spans multiple countries and regions, providing professional comprehensive services for smart devices to leading global consumer electronics brands and top technology companies. Major customers include Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, and vivo. With over 20 years of industry experience, the Company has developed strong capabilities in product-level solution design, innovative hardware development, system-level software platform development, lean production, supply chain integration, and quality control. Its product portfolio comprises smartphones, AI PCs, automotive electronics, tablets, smart eyewear, smart watches/bands, TWS earphones, and other smart terminal products.

The Company has established R&D centers in multiple locations, including Shanghai, Shenzhen, Huizhou, Nanchang, Hefei, Xi'an, and Suzhou. Its R&D and technical team currently exceeds 5,500 members, with development experience on platforms such as Qualcomm, MediaTek, and UNISOC, as well as expertise in operating systems including Android, RTOS, and Wear OS. The Company operates smart product manufacturing centers in Huizhou and Nanchang, and has set up overseas manufacturing centers in Vietnam and India, building a global delivery capability to meet customer requirements. Leveraging its product customization and delivery capabilities of the full value chain, the Company provides customers with comprehensive product R&D and manufacturing services tailored to their product requirements and market trends. These services cover product definition, full solution design, design simulation, appearance and structural design, circuit system design, key material optimization and selection, module customization, development and design, system-level software platform development, product testing and certification, supply chain management and integration, production operations, and product delivery. Through these capabilities, the Company collaborates with customers to develop smart products with strong market competitiveness.

BUSINESS REVIEW

In the first half of 2026, the global AI industry accelerated its expansion from the cloud to the edge, as the scaled deployment of AI large models on smart terminals entered a critical window. Edge AI computing power continued to surge, with new-generation smart hardware categories such as AI smartphones, AI PCs, and smart eyewear rapidly emerging. Upholding a long-term development philosophy, the Company continued to advance its business innovation and expansion, accelerating the deployment of AI hardware including smart eyewear, AI PCs, and robotics, and working together with customers to drive the deep integration and innovation between AI technologies and smart terminals. In terms of external M&A, during the Reporting Period, the Company completed the acquisition and consolidation of KC Precision, officially entering the etching supply chain of a key North American customer. In addition, on August 13, 2026, the Company announced the acquisition of an 80% equity interest in A-RACK, marking an entry into the AIDC infrastructure business sector. This represents a significant breakthrough in the Company's product and business landscape, extending from AI edge devices into the AIDC infrastructure domain.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company recorded revenue of RMB18,661 million, representing a year-on-year decrease of 6.26%; net profit attributable to shareholders of the Company amounted to RMB246 million, representing a year-on-year decrease of 30.86%; and net loss attributable to shareholders of the Company, excluding non-recurring gains and losses (a non-IFRS measure) amounted to RMB101 million, representing a year-on-year decrease of 156.52%. In the second quarter of 2026, the Company recorded revenue of RMB11,098 million, representing a year-on-year increase of 5.40%; net profit attributable to shareholders of the Company amounted to RMB230 million, representing a year-on-year increase of 14.38%; and net profit attributable to shareholders of the Company, excluding non-recurring gains and losses amounted to RMB50 million, representing a year-on-year decrease of 57.33%.

Smartphone Business

During the Reporting Period, the Company's smartphone business generated revenue of RMB12,420 million, representing a year-on-year decrease of 11.43%. In the second quarter, the Company's smartphone shipments recorded a sequential increase of nearly 20% compared to the first quarter. The sequential improvement in shipments was primarily attributable to two factors, the acceleration of pull-in pace by downstream customers and the Company's timely adjustment of its operating strategies, leveraging existing mature product platforms and ongoing projects to carry out iterative optimization, efficiently launching new products.

During the Reporting Period, the Company completed the acquisition and consolidation of 60% equity interests in each of KC Precision and Geeia Metal, officially entering the etching supply chain of a key North American customer. The acquisition of KC Precision represents a strategic initiative in the AI terminal thermal management field. As demand for AI terminal thermal dissipation grows rapidly, the per-unit value of vapor chambers (VC) in smart products such as smartphones will continue on a steady upward trend. The Company is working together with KC Precision to support key customers in the development of subsequent products. The Company will also assist KC Precision in introducing its existing smartphone VC etched-component products into the high-value product lines of other leading customers.

Tablet Business

During the Reporting Period, the Company's tablet business generated revenue of RMB2,280 million, representing a year-on-year increase of 19.96%. In the second quarter, shipments recorded a sequential increase of 69% compared to the first quarter. In the first half of 2026, although the tablet industry was impacted by the dual factors of cost pass-through from upstream component price increases and weakening demand in core domestic and overseas markets, the Company continued to deepen its strategic collaboration with leading domestic and overseas terminal customers: on the one hand, advancing efficient iterative R&D of existing tablet projects to ensure stable product delivery; on the other hand, actively exploring new project opportunities with leading global manufacturers to hedge against the downward pressure on the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

AIoT Business

During the Reporting Period, the Company's AIoT business generated revenue of RMB3,605 million, representing a year-on-year increase of 8.54%. The Company's smart wearables business maintained a continuous pace of iterative innovation, with R&D in medical and health wearables achieving breakthroughs, and the product matrix continuing to be enriched. The Company's smart eyewear business maintained a steady growth trend, with projects from leading domestic and overseas customers progressing on schedule. In addition, the Company actively integrated into the Google Android XR ecosystem, partnering with Xreal to launch a new Puck product at the Appliance & Electronics World Expo. The Puck product has become one of the universal solutions for Android XR. On the manufacturing front, the Company's SiP production line has been launched in Shanghai and Malaysia respectively, while steadily advancing whole-device R&D and intelligent manufacturing, continuously reinforcing its comprehensive competitiveness.

Emerging Businesses

AI PCs: During the Reporting Period, the Company achieved key breakthroughs across customer expansion, project delivery, and product deployment. In terms of customer expansion, the Company successfully secured breakthroughs with two major strategic customers, Lenovo and Asus. In terms of project delivery, the Company cumulatively completed mass production and shipment of five projects in the first half of the year. In terms of product deployment, a new AI Edge product line was established to precisely match diverse AI application scenarios.

Automotive Electronics: During the Reporting Period, the Company's automotive electronics business focused on two product lines: rear-seat control screens and in-vehicle wireless charging, with the operating performance maintaining a steady and improving trend. Specifically, the rear-seat control screen business newly secured strategic model placements with three mainstream domestic OEMs. The in-vehicle wireless charging segment successfully secured platform-level strategic model placements with two leading automakers.

Robotics: Leveraging the R&D and manufacturing capabilities accumulated over years in the consumer electronics field, the Company continued to develop data acquisition equipment for embodied robots, providing partners with high-quality data acquisition support. In addition, the Company also provides core components and ODM R&D and manufacturing services to robot OEMs, building a comprehensive industrial support capability covering both data acquisition and R&D manufacturing. Currently, the Company's data acquisition equipment has passed customer validation, and the mass production process is being accelerated.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE AND OUTLOOK

Looking ahead, AI is accelerating a profound transformation of the consumer electronics industry. Smart terminals, including smartphones, AI PCs, smart eyewear, and robotics, serve as key carriers for the implementation of AI capabilities in the physical world, and are poised to usher in a new round of growth.

The Company will adhere to the strategic core of dual-wheel driven growth of “organic development and external acquisitions.” On organic growth, the Company will continue to expand its “1+2+X” product portfolio, maintaining smartphones as its core business while actively exploring more high-potential AI smart hardware products. On external mergers and acquisitions, the Company will focus on its main business, concentrating on the expansion of core major customers and technological capabilities, and capitalizing on development trends in AI infrastructure and edge applications to selectively and prudently pursue strategic investments or mergers and acquisitions.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial statements and the notes thereto in this interim report.

Revenue

For the six months ended June 30, 2026, we recorded revenue of RMB18,661.3 million, representing a decrease of 6.3% from RMB19,907.7 million for the six months ended June 30, 2025, which was primarily due to downward adjustment in our smartphone shipments resulting from the rising prices of memory chips and other raw materials.

Our revenue breakdown by product type and geographic location for the periods indicated is set out below.

Revenue by Product Type

Product category	Six months ended June 30,	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Smartphones	12,419,867	14,022,251
AIoT and other products	3,604,724	3,321,205
Tablets	2,279,832	1,900,423
Others	356,881	663,817
Total	18,661,304	19,907,696

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Geographic Location

Geographical market	Six months ended June 30,	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Chinese Mainland	10,334,179	11,936,313
Overseas	8,327,125	7,971,383
Total	18,661,304	19,907,696

Cost of Sales

Our cost of sales for the Reporting Period primarily consisted of (i) direct material costs, (ii) staff costs, (iii) manufacturing costs, and (iv) outsourced processing costs and others.

Our cost of sales decreased by 7.7% from RMB18,341.4 million for the six months ended June 30, 2025 to RMB16,923.2 million for the six months ended June 30, 2026, which is generally in line with the revenue recorded.

Our cost of sales by product type for the periods indicated is set out below.

Product category	Six months ended June 30,	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Smartphones	11,506,412	13,100,518
AIoT and other products	3,098,536	2,904,806
Tablets	2,026,480	1,780,645
Others	291,738	555,467
Total	16,923,166	18,341,436

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

Our gross profit for the Reporting Period increased by 11.0% from RMB1,566.3 million for the six months ended June 30, 2025, and the gross profit margin increased by 1.4 percentage points from 7.9% for the six months ended June 30, 2025, primarily due to our focus on higher-quality growth during this period by concentrating on projects involving more advanced and innovative product types that address greater market demand and offer higher gross profit potential, while strategically foregoing certain low-margin projects.

Our gross profit by product type for the periods indicated is set out below.

Product category	Six months ended June 30,		
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)	Change % (Unaudited)
Smartphones	913,455	921,733	(0.9)
AIoT and other products	506,188	416,399	21.6
Tablets	253,352	119,778	111.5
Others	65,143	108,350	(39.9)
Total	1,738,138	1,566,260	11.0

Our gross profit margin by product type for the periods indicated is set out below.

Product category	Six months ended June 30,		
	2026 %	2025 %	Change percentage points
Smartphones	7.4	6.6	0.8
AIoT and other products	14.0	12.5	1.5
Tablets	11.1	6.3	4.8
Others	18.3	16.3	2.0
Total	9.3	7.9	1.4

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

Our other income for the Reporting Period primarily consisted of (i) value-added tax additional deduction, (ii) government grants, and (iii) interest income. Our gains primarily consisted of (i) net fair value changes of investments measured at FVTPL, mainly in relation to wealth management products and shares we held in listed and unlisted companies.

For the six months ended June 30, 2026, we recorded RMB549.4 million in other income and gains, representing an increase of 33.9% from RMB410.3 million for the six months ended June 30, 2025, primarily due to (i) an increase in net fair value changes of investment measured at FVTPL of RMB153.3 million, partially offset by a decrease in government grants of RMB40.1 million.

Sales and Marketing Expenses

Our sales and marketing expenses for the Reporting Period primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) travel and communication expenses, (iv) business development expenses, (v) depreciation and amortization expenses allocated to the sales and marketing department, and (vi) others, including selling consultation fees, customs declaration fees and meeting and exhibition fees.

Our sales and marketing expenses increased by 23.2% from RMB44.4 million for the six months ended June 30, 2025 to RMB54.7 million for the six months ended June 30, 2026, primarily due to the increase in the number of our sales and marketing personnel.

Administrative Expenses

Our administrative expenses for the Reporting Period primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) depreciation and amortization for offices, equipment and other assets which were used for administrative purpose, (iv) tax and other surcharges, (v) travel and communication expenses, (vi) consultation expenses in relation to legal and audit consultation services and (vii) others, including leased property management fees, business development expenses, maintenance fees and bank charges.

Our administrative expenses increased by 20.2% from RMB321.4 million for the six months ended June 30, 2025 to RMB386.5 million for the six months ended June 30, 2026, primarily due to the increase in the number of our administrative personnel.

Research and Development Expenses

Our research and development expenses for the Reporting Period primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) technical service fees, mainly in relation to testing and software services, (iv) costs of consumables, (v) depreciation and amortization expenses in relation to our research and development equipment and instruments as well as intangible assets which were used for research and development purpose, (vi) travel and communication expenses, and (vii) others, including property management fees and maintenance fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Our research and development expenses increased by 22.9% from RMB1,198.4 million for the six months ended June 30, 2025 to RMB1,473.5 million for the six months ended June 30, 2026, which was mainly attributable to (i) an increase in employee benefit expenses of RMB178.8 million as a result of the increase in the number of our research and development personnel, to support our expansion into new business areas, tackle key technological challenges and drive product iteration and optimization, (ii) an increase in costs of consumables of RMB50.8 million which was mainly in relation to our increased R&D projects, and (iii) an increase in share-based payments of RMB25.6 million which was mainly due to the grants under the Restricted Share Scheme and Employee Stock Ownership Scheme.

Other Expenses

Our other expenses for the Reporting Period primarily consisted of (i) foreign exchange losses, (ii) non-operating expenses, mainly including scrapping of long-term assets and donations, (iii) losses from disposal of assets, and (iv) derecognised bills expenses.

Our other expenses increased from RMB17.3 million for the six months ended June 30, 2025 to RMB126.3 million for the six months ended June 30, 2026, primarily due to an increase in foreign exchanges losses of RMB122.6 million.

Finance Costs

Our finance costs for the Reporting Period primarily consisted of (i) interest on interest-bearing bank borrowings, and (ii) interest on lease liabilities.

Our finance costs increased from RMB25.5 million for the six months ended June 30, 2025 to RMB41.4 million for the six months ended June 30, 2026, primarily due to higher interest expenses on interest-bearing bank borrowings. Such increase was in line with the level of our short-term and long-term interest-bearing bank borrowings during the period, the average balance of which, as approximated by the average of the opening and closing balances for the period, amounted to RMB4,691.9 million (June 30, 2025: RMB2,782.9 million).

Income Tax

Our income tax for the Reporting Period primarily consisted of current income tax and deferred income tax. We recorded income tax credit of RMB39.3 million for the Reporting Period, as compared to income tax expense of RMB24.2 million for the six months ended June 30, 2025, primarily due to the decrease in profit and taxable income for the period and the related deferred tax adjustments.

Profit for the Period

As a result of the foregoing, we recorded profit for the period of RMB251.1 million, representing a decrease of 29.3% from RMB355.3 million for the six months ended June 30, 2025, primarily due to an increase in research and development expenses driven by our increased investment in new businesses such as AI PCs and automotive electronics, and an increase in exchange losses resulting from the adverse impact of the decline in the U.S. dollar/Renminbi exchange rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on Assets and Liabilities

	As of June 30, 2026 RMB'000 (Unaudited)	As of December 31, 2025 RMB'000 (Audited)	Change Ratio %
Total non-current assets	7,287,154	5,025,346	45.0
Total current assets	23,118,455	21,060,989	9.8
Total current liabilities	20,804,875	19,242,252	8.1
Total non-current liabilities	2,129,405	1,017,765	109.2
Net assets	7,471,329	5,826,318	28.2

Property, Plant and Equipment

Our property, plant and equipment as of June 30, 2026 mainly consisted of machinery, buildings, construction in progress, office equipment and electronic devices, leasehold improvements and vehicles.

Our property, plant and equipment increased from RMB3,056.1 million as of December 31, 2025 to RMB3,349.1 million as of June 30, 2026, primarily due to the continued construction of phase II of our Nanchang manufacturing center and acquisition of KC Precision and Geeia Metal.

Investment Properties

Our investment properties as of June 30, 2026 were properties owned by the Group held to earn rental income. We apply the cost model and investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Our investment properties increased from RMB2.2 million as of December 31, 2025 to RMB267.8 million as of June 30, 2026, primarily due to the completion of construction of our headquarters in Shanghai, part of which is held for rental income.

Right-of-use Assets

Our right-of-use assets as of June 30, 2026 were primarily related to leasehold land and buildings for our manufacturing facilities and office premises.

Our right-of-use assets increased from approximately RMB673.9 million as of December 31, 2025 to RMB995.6 million as of June 30, 2026, primarily due to the new leases of factory premises and supporting facilities in Nanchang.

MANAGEMENT DISCUSSION AND ANALYSIS

Goodwill

Our goodwill represents the excess of consideration transferred over the fair value of identifiable net assets of the acquiree at the acquisition date.

Our goodwill increased from nil as of December 31, 2025 to RMB297.6 million as of June 30, 2026, primarily due to our acquisition of KC Precision and Geeia Metal.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss as of June 30, 2026 mainly represented (i) our listed equity investments, at fair value, (ii) structured deposits and wealth management products, and (iii) other unlisted investments, at fair value.

Our financial assets at fair value through profit or loss increased from RMB3.7 billion as of December 31, 2025 to RMB4.7 billion as of June 30, 2026, primarily due to (i) an increase in investment in unlisted equity and fair value changes of RMB699.1 million and (ii) an increase in purchase of wealth management products of RMB367.3 million.

Time deposits

Our time deposits are bank time deposits with original maturity of three months or more when acquired.

Our time deposits increased from nil as of December 31, 2025 to RMB1.5 billion as of June 30, 2026, primarily due to an increase in purchase of large-denomination certificates of deposit.

Prepayments, Other Receivables and Other Assets

Our non-current portion of prepayments, other receivables and other assets as of June 30, 2026 mainly consisted of (i) prepayments for items of property, plant and equipment, and (ii) deposits. Our current portion of prepayments, other receivables and other assets as of June 30, 2026 mainly consisted of (i) other tax recoverable, including input tax pending certification and deduction, (ii) prepayments to suppliers for procurement of raw materials, (iii) performance deposits paid to our customers, and (iv) others.

Our prepayments, other receivables and other assets increased from RMB581.4 million as of December 31, 2025 to RMB901.0 million as of June 30, 2026, primarily due to (i) an increase in other tax recoverable of RMB191.3 million, reflecting the increase in retained input VAT in relation to the construction of our headquarters in Shanghai and construction of phase II of our Nanchang manufacturing center and (ii) an increase in prepayments to suppliers for procurement of raw materials of RMB124.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

Our inventories as of June 30, 2026 primarily consisted of raw materials, outsourced processing materials, work in progress and finished goods.

Our inventories increased from approximately RMB1,921.5 million as of December 31, 2025 to RMB2,821.1 million as of June 30, 2026, which was mainly due to an increase in inventory level of raw materials in anticipation of our manufacturing needs and of rising prices of memory chips and other raw materials.

Trade and Bills Receivables

Our trade and bills receivables as of June 30, 2026 primarily consisted of outstanding amounts payable by third parties.

Our trade and bills receivables remained relatively stable as of June 30, 2026 compared to that of December 31, 2025.

Pledged Deposits

Our pledged deposits as of June 30, 2026 primarily represent secured or restricted deposits held in designated bank accounts for issuance of bank acceptance bills and letters of credit to facilitate our payment to suppliers.

Our pledged deposits decreased from RMB334.4 million as of December 31, 2025 to RMB149.8 million as of June 30, 2026, primarily due to changes in the pledged deposit ratios required by different banks.

Contract Liabilities

Our contract liabilities are recognized when a payment is received, or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services.

Our contract liabilities increased from RMB62.9 million as of December 31, 2025 to RMB108.7 million as of June 30, 2026, primarily due to an increase in prepayments received from customers for technology development services, such as engineering, design and production validation testing, related to non-recurring engineering projects for their products that are subject to final delivery.

Other Payables and Accruals

The current portion of our other payables and accruals mainly included (i) payroll and welfare payable, (ii) other tax payables, (iii) deposits, and (iv) shares repurchase obligation recognized, representing consideration paid by employees for the Restricted Shares.

Our other payables and accruals decreased from RMB801.0 million as of December 31, 2025 to RMB600.8 million as of June 30, 2026, primarily due to a decrease in payroll and welfare payable of RMB178.5 million due to the disbursement of annual bonuses accrued for the year of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow, Liquidity and Capital Structure

Our primary uses of cash during the Reporting Period were to fund the construction of our manufacturing facilities, procurement of raw materials, research and development activities, among other working capital needs. Our anticipated cash needs primarily relate to our business operations, expansion of production capacity, and product research and development. We expect to fund our future working capital and other cash requirements primarily with cash generated from our operations, bank borrowings and other financing activities. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. During the Reporting Period, our net cash generated from operating activities decreased from RMB726.2 million for the six months ended June 30, 2025 to RMB186.1 million for the six months ended June 30, 2026. Our net cash generated from operating activities of RMB186.1 million was derived from profit before tax of RMB211.8 million, adjusted for certain non-cash and working capital items, including (i) positive adjustments, which primarily included an increase in trade and bills payables of RMB1,436.9 million, an increase in contract liabilities of RMB45.6 million and an increase in deferred income of RMB8.8 million, and (ii) negative adjustments, which primarily included an increase in inventories of RMB901.7 million, an increase in prepayments, other receivables and other assets of RMB313.1 million, an increase in trade and bills receivables of RMB229.6 million, a decrease in other payables and accruals of RMB197.3 million and an increase in restricted cash and pledged deposits of RMB70.4 million.

During the Reporting Period, our net cash used in investing activities increased from RMB241.3 million for the six months ended June 30, 2025 to RMB3,229.4 million for the six months ended June 30, 2026, primarily due to (i) an increase in net cash outflows for non-pledged time deposits with original maturity of three months or more when acquired of RMB1,444.9 million, (ii) an increase in net cash outflows for the purchase of investment measured at FVTPL (total payments for purchase of investment measured at FVTPL minus proceeds from disposal of these assets) of RMB738.3 million, (iii) an increase in net cash outflows for acquisition of subsidiaries, net of cash acquired, of RMB415.6 million and (iv) an increase in net cash outflows for purchase of items of property, plant and equipment (total payments for purchase of items of property, plant and equipment minus proceeds from disposal of these assets) of RMB277.7 million.

During the Reporting Period, our net cash generated from financing activities increased from RMB104.1 million for the six months ended June 30, 2025 to RMB2,256.9 million for the six months ended June 30, 2026, primarily due to (i) the receipt of proceeds from H-Share Listing of RMB1,439.6 million in January 2026, (ii) the release of pledged deposits of RMB255.0 million, and (iii) an increase in net cash inflow from bank loans (new bank loans minus repayment of bank loans) of RMB316.8 million, partially offset by (i) a decrease in repurchase of Shares under the Employee Stock Ownership Scheme of RMB299.9 million.

As of June 30, 2026, our cash and cash equivalents amounted to RMB4,154.1 million (as of December 31, 2025: RMB4,987.9 million). Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. Our management is confident that our financial resources are sufficient for daily operations.

Lease Liabilities

During the Reporting Period, our lease liabilities were primarily in relation to the lease of buildings used in our operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Our lease liabilities increased from RMB218.4 million as of December 31, 2025 to RMB638.7 million as of June 30, 2026, primarily due to the new leases of factory premises and supporting facilities in Nanchang.

Interest-bearing Bank Borrowings

Our bank borrowings were obtained from commercial banks. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

We had total interest-bearing bank borrowings of RMB4,218.4 million and RMB5,165.5 million as of December 31, 2025 and June 30, 2026, respectively, the increase in which was primarily due to new bank loans secured.

Trade and Bills Payables

Our trade and bills payables primarily related to the purchase of raw materials and equipment.

Our trade and bills payables increased from RMB14.8 billion as of December 31, 2025 to RMB16.2 billion as of June 30, 2026, primarily due to the rising prices of memory chips and other raw materials. We did not have any material defaults in payment of trade and bills payables for the six months ended June 30, 2026.

Contingent Liabilities

As of June 30, 2026, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group (as of December 31, 2025: nil).

Capital Expenditures

Our capital expenditures (including cash outflow for purchase of items of property, plant and equipment, and other intangible assets) amounted to RMB636.7 million for the six months ended June 30, 2026 (June 30, 2025: RMB340.2 million), which were used for the construction of our headquarters in Shanghai, construction of phase II of our Nanchang manufacturing center, and investments in machinery to support manufacturing needs.

Capital Commitments

Our capital commitments as of June 30, 2026 increased to approximately RMB554.5 million (as of December 31, 2025: RMB432.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments or Capital Assets

We plan to apply approximately HK\$451.7 million from the proceeds from the H-Share Listing to expand the manufacturing center in Chinese mainland, and we have invested approximately HK\$203.4 million as of June 30, 2026.

Save as disclosed above, we did not have any concrete future plans for material capital expenditure, investments or capital assets as of the date of this report. We will make further announcements in accordance with the Hong Kong Listing Rules, where applicable, if any investment and acquisition opportunities materialize.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In managing the foreign exchange risks, we used foreign currency hedging contracts as hedging instruments. Our foreign currency hedging contracts recorded as assets amounted to RMB1.1 million as of June 30, 2026 (as of December 31, 2025: nil). Our derivative financial instruments recorded as liabilities amounted to RMB6.7 million as of June 30, 2026 (as of December 31, 2025: RMB30.5 million).

We have established comprehensive foreign exchange hedging policies to ensure effective control of our foreign exchange risks, covering management principles, approval authorities, operational processes, information segregation measures, internal audit and risk reporting, and disclosure requirements. We also conduct continuous research and analysis of currency markets, monitoring international market changes on a real-time basis to minimize exchange losses.

Gearing Ratio

Gearing ratio is calculated as net debt divided by the sum of total capital and net debt. Net debt includes interest-bearing bank borrowings, trade and bills payables, derivative financial instruments, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

As of June 30, 2026, our gearing ratio was 72% (as of December 31, 2025: 72%).

Charge on Assets

As of June 30, 2026, certain of the Group's leasehold land and the buildings erected thereon had been pledged as collaterals under the Group's borrowing arrangements, the carrying amount of which were RMB1,151.8 million as of June 30, 2026 (as of December 31, 2025: RMB355.0 million).

Save as disclosed above, there were no other charges on the Group's assets as of June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividends

As of June 30, 2026, we held a total of 1,229,937 A Shares in treasury. Such treasury Shares will not receive the dividends distribution. There are no arrangements under which future dividends are waived or agreed to be waived.

According to applicable PRC laws and the articles of association of our Company, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting.

On May 8, 2026, a resolution to declare cash dividends in a total amount of RMB260,680,353.50 (tax inclusive), representing RMB5.00 per 10 ordinary Shares (tax inclusive), was passed by the Shareholders at the annual general meeting for the year ended December 31, 2025. Such dividend was fully paid or made available for payment to the Shareholders in June 2026.

Significant Investments, Material Acquisitions and Disposals

On March 30, 2026, the Company entered into the equity transfer agreements with the vendors, namely Mr. WU Yutao (吳玉濤), Mr. XIONG Dao'an (熊道安) and Suzhou Anjie Capital Investment Co., Ltd. (蘇州安潔資本投資有限公司), to acquire from the vendors an aggregate of 60% equity interest in the target companies, KC Precision and Geeia Metal for a total consideration of RMB540.0 million. Upon completion of the acquisition, KC Precision and Geeia Metal became a non-wholly owned subsidiary of the Company, and their financial results have been consolidated into the financial statements of the Group. For further details, please refer to the announcements of the Company dated March 30, April 23, and June 12, 2026.

Subsequent to the end of the Reporting Period, the Company entered into the equity transfer agreements to acquire an aggregate of 80% equity interest in A-Rack for a total consideration of RMB1,120.0 million. For details, please refer to "Important Events After the End of the Reporting Period" below.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2026, the Group had 15,428 employees (as of June 30, 2025: 17,478), approximately 33.04% of which are female. The Group has developed a remuneration and welfare management system that provides employees with competitive remuneration and five types of social insurances and housing provident funds for employees in strict compliance with the relevant laws and regulations, and provides additional comprehensive benefit insurance.

The number of employees employed by the Group varies from time to time. The remuneration package of our employees includes salary, bonus, and incentive shares (if any) under the Company's incentive schemes, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations. The total employee benefit expenses including share-based payment expense (including directors', chief executive's and supervisors' remuneration) incurred by the Group for the six months ended June 30, 2026 was RMB1,876.4 million (June 30, 2025: RMB1,625.4 million).

During the six months ended June 30, 2026, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

The remuneration and assessment committee of the Board was set up for reviewing the Company's emolument policy and any long-term incentive schemes, and structure for all remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules to regulate all dealings by Directors, and relevant employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities.

Having made specific enquiries of all Directors, all of them have confirmed that they have complied with the Model Code throughout the Reporting Period. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

The Company has established an Audit Committee in compliance with Rules 3.21 to 3.23 of the Hong Kong Listing Rules and the CG Code. The Audit Committee consists of three independent non-executive Directors, being Mr. YANG Chuan (Chairperson), Dr. SHEN Jianxin and Dr. NIU Shuangxia. Mr. YANG Chuan possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Hong Kong Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial information disclosure, internal and external audit work and internal control system of our Group; and provide advice and comments to our Board.

The Audit Committee has reviewed the unaudited condensed interim financial information and the interim report of the Group for the six months ended June 30, 2026, including the accounting principles and practices adopted by the Group, and discussed matters relating to auditing, risk management, internal control and financial reporting with the management. The Audit Committee has no disagreement with the management of the Company in respect of the accounting treatment adopted by the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made adequate disclosures thereof. The interim results of the Group have not been reviewed by the auditors of the Company.

INTERIM DIVIDENDS

The Board does not recommend any payment of an interim dividend for the Reporting Period (June 30, 2025: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of June 30, 2026, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Description of Shares	Number of Shares	Approximate	Approximate
				% of shareholding in our A Shares as of June 30, 2026	percentage of interest in the total issued share capital as of June 30, 2026
Mr. DU Junhong ("Mr. Du")	Interest in controlled corporation ^{(2) (3)}	A Shares	141,638,563	30.11%	27.10%
	Interest of a party to an agreement ⁽⁴⁾	A Shares	37,415,450	7.96%	7.16%
	Other ⁽⁵⁾	A Shares	4,179,808	0.89%	0.80%
	Interest in treasury Shares ⁽⁶⁾	A Shares	1,229,937	0.26%	0.24%
Mr. GE Zhengang ("Mr. Ge")	Beneficial owner ⁽³⁾	A Shares	21,443,635	4.56%	4.10%
	Interest in controlled corporation ^{(2) (7)}	A Shares	111,765,359	23.76%	21.39%
	Interest of a party to an agreement ⁽⁴⁾	A Shares	45,845,019	9.75%	8.77%
	Other ⁽⁵⁾	A Shares	699,502	0.15%	0.13%
Mr. GUAN Yadong	Interest in treasury Shares ⁽⁶⁾	A Shares	1,229,937	0.26%	0.24%
	Interest in controlled corporation ⁽⁸⁾	A Shares	15,313,976	3.26%	2.93%
	Other ⁽⁵⁾	A Shares	9,102,015	1.94%	1.74%
Ms. QIN Yanling	Interest in controlled corporation ⁽⁹⁾	A Shares	1,801,704	0.38%	0.34%
	Other ⁽⁵⁾	A Shares	943,956	0.20%	0.18%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Representing long positions.
- (2) As of June 30, 2026, Shanghai Longcheer Qiyuan was managed by its general partner, Shanghai Xinhe, which in turn was controlled by Mr. Du as to 51.00% and Mr. Ge as to 49.00%. Save for Mr. Du who also held 52.95% of the partnership interest in Shanghai Longcheer Qiyuan, none of the limited partners held over one third of the partnership interest in Shanghai Longcheer Qiyuan. Therefore, each of Mr. Du, Mr. Ge and Shanghai Xinhe is deemed to be interested in the 95,793,544 Shares held by Shanghai Longcheer Qiyuan under the SFO.
- (3) As of June 30, 2026, Mr. Du was the general partner of Chengmai Qihe. Therefore, Mr. Du is deemed to be interested in the 45,845,019 Shares held by Chengmai Qihe under the SFO.
- (4) As of June 30, 2026, pursuant to a concert party agreement dated November 1, 2021, Mr. Du and Mr. Ge agreed to act in concert by aligning the voting rights controlled by them at the Shareholders' meetings of the Company. Therefore, they are deemed to be jointly interested in the aggregate number of Shares held by each other under the SFO.
- (5) Representing the relevant A Shares held by the respective Directors through the employee shareholding platforms.
- (6) As of June 30, 2026, there were 1,229,937 A Shares repurchased and held in our Company's stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.
- (7) As of June 30, 2026, Mr. Ge was the executive general partner of Shanghai Qiyun. Save for Mr. Ge, none of the other partners held over one third of the partnership interest in Shanghai Qiyun. Therefore, Mr. Ge is also deemed to be interested in the 15,971,815 Shares held by Shanghai Qiyun under the SFO.
- (8) As of June 30, 2026, Mr. GUAN Yadong was the general partner of each of Chengmai Yongcan Enterprise Management Partnership (Limited Partnership) (澄邁永燦企業管理合夥企業(有限合夥)) ("Chengmai Yongcan") and Shanghai Qijing Enterprise Management Partnership (Limited Partnership) (上海旗境企業管理合夥企業(有限合夥)), previously known as Ningbo Meishan Bonded Port Qihong Enterprise Management Center (Limited Partnership) (寧波梅山保稅港區旗弘企業管理合夥企業(有限合夥)) ("Shanghai Qijing"). Save for Mr. GUAN Yadong, none of the limited partners held over one third of the partnership interest in Chengmai Yongcan and Shanghai Qijing. Therefore, Mr. GUAN Yadong is deemed to be interested in the 8,738,167 and 6,575,809 A Shares held by Chengmai Yongcan and Shanghai Qijing under the SFO.
- (9) As of June 30, 2026, Ms. QIN Yanling was the general partner of Shanghai Qili Enterprise Management Partnership (Limited Partnership) (上海旗勵企業管理合夥企業(有限合夥)), previously known as Kunshan Qizhuang Investment Management Center (Limited Partnership) (昆山旗壯投資管理中心(有限合夥)) ("Shanghai Qili"). Therefore, Ms. QIN Yanling is deemed to be interested in the 1,801,704 A Shares held by Shanghai Qili.

Save as disclosed above, to the best knowledge of the Directors, as of June 30, 2026, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2026, and as far as the Company is aware, the following persons (other than the Directors or chief executive of the Company) are expected to have an interest and/or short positions in our Shares or underlying Shares of our Company which would be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares	Approximate % of shareholding in our A Shares as of June 30, 2026	Approximate percentage of interest in the total issued share capital as of June 30, 2026
Shanghai Xinhe	Interest in controlled corporation ⁽¹⁾	A Shares	95,793,544	20.37%	18.33%
Shanghai Longcheer Qiyuan	Beneficial owner ⁽¹⁾	A Shares	95,793,544	20.37%	18.33%
Chengmai Qihe	Beneficial owner ⁽²⁾	A Shares	45,845,019	9.75%	8.77%

Notes:

- (1) As of June 30, 2026, Shanghai Longcheer Qiyuan was managed by its general partner, Shanghai Xinhe, which in turn was controlled by Mr. Du as to 51.00% and Mr. Ge as to 49.00%. Save for Mr. Du who also held 52.95% of the partnership interest in Shanghai Longcheer Qiyuan, none of the limited partners held over one third of the partnership interest in Shanghai Longcheer Qiyuan. Therefore, each of Mr. Du, Mr. Ge and Shanghai Xinhe is deemed to be interested in the 95,793,544 Shares held by Shanghai Longcheer Qiyuan under the SFO.
- (2) As of June 30, 2026, Chengmai Qihe was managed by its general partner, Mr. Du. None of the limited partners held over one third of the partnership interest in Chengmai Qihe.

Save as disclosed above, as of June 30, 2026, our Directors are not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be notified to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM H-SHARE LISTING AND A-SHARE LISTING

H-Share Listing and Use of H Share Proceeds

In January 2026, the Company completed the H-Share Listing of 52,259,100 H Shares at a price of HK\$31.00 per H Share on the Hong Kong Stock Exchange. The Directors consider that the H-Share Listing represents an opportunity to gain access to an untapped pool of investors and develop a presence in the securities market in Hong Kong.

The net proceeds from the H-Share Listing (after deducting the underwriting fees and related listing expenses) amounted to approximately HK\$1,520.7 million (the “**H Share Proceeds**”). The H Share Proceeds have since the Listing Date and up to the date of this report been and will be utilized in accordance with the intended purposes.

The table below sets out the planned applications of the H Share Proceeds and actual usage during the Reporting Period and up to June 30, 2026:

Intended uses of H Share Proceeds	Planned applications of H Share Proceeds (HK\$ million)	Percentage of total net proceeds	Actual usage during the Reporting Period (HK\$ million)	Actual usage up to June 30, 2026 (HK\$ million)	Unutilized net proceeds as of June 30, 2026 (HK\$ million)	Expected time of full utilization of remaining balance
Expand our overall production capacity both domestically and internationally	608.3	40%	203.4	203.4	404.9	By the end of 2027
Support our ongoing research and development efforts	304.1	20%	82.3	82.3	221.8	By the end of 2027
Improve our domestic and international marketing and customer expansion efforts	152.1	10%	25.4	25.4	126.7	By the end of 2027
Support our global strategic investments or acquisitions	304.1	20%	304.1	304.1	–	N/A
Working capital and other general corporate purposes	152.1	10%	152.1	152.1	–	N/A
Total	1,520.7	100%	767.3	767.3	753.4	/

The expected timeline for utilizing the remaining H Share Proceeds is set on the basis of our best estimation of taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change. Based on our estimates, we currently intend to apply the unutilized H Share Proceeds in accordance with the plans set out above.

Use of A Share Proceeds

The A Shares of the Company were listed on the Main Board of Shanghai Stock Exchange on March 1, 2024. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the A-Share Listing of approximately RMB1,440.7 million (the “**A Share Proceeds**”).

CORPORATE GOVERNANCE AND OTHER INFORMATION

As the actual net amount of the A Share Proceeds was lower than the originally planned amount, the Board resolved on March 14, 2024 to adjust the amount of A Share Proceeds to be invested in each fund-raising project to ensure the smooth implementation of the fund-raising investment projects and maximize the efficiency of fund utilization.

As of the date hereof, the principal amount of the A Share Proceeds have been fully utilized and the Company has completed the cancellation of the relevant fund-raising special accounts in compliance with applicable regulations.

The table below sets out the planned applications of the A Share Proceeds and actual usage during the Reporting Period and up to June 30, 2026:

Intended use of A Share Proceeds	Planned Applications of A Share Proceeds (RMB million)	Actual usage during the Reporting Period (RMB million)	Actual usage up to June 30, 2026 ^(Note) (RMB million)	Unutilized net proceeds as of June 30, 2026 (RMB million)	Expected time of full utilization of remaining balance
Huizhou Intelligent Hardware Manufacturing Project	640.0	17.3	645.5	(5.5)	N/A
Nanchang Intelligent Hardware Center Reconstruction and Expansion Project	320.0	–	323.4	(3.4)	N/A
Shanghai R&D Center Upgrade and Construction Project	160.0	–	160.4	(0.4)	N/A
supplementary working capital	320.7	–	322.5	(1.8)	N/A
Total	1,440.7	17.3	1,451.8	(11.1)	

Notes: The actual usage up to June 30, 2026 exceeded the planned amount, mainly due to interest received on idle proceeds and gains on wealth management products purchased by using the idle proceeds.

SHARE INCENTIVE SCHEMES

As of June 30, 2026, the Company had two effective share incentive schemes, namely the Restricted Share Scheme and the Employee Stock Ownership Scheme, both of which were approved by the Shareholder at the Shareholders' meeting of the Company held on May 26, 2025.

The A Shares that may be issued in respect of Restricted Shares granted under the Restricted Share Scheme amounted to 5,235,000 and have been fully issued in December 2025. All A Shares utilized for the grant under the Employee Stock Ownership Scheme were repurchased on market. Therefore, no further Shares will be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Restricted Share Scheme

The following table sets forth the details of movements throughout the Reporting Period of the Restricted Shares granted under the Restricted Share Scheme. At the beginning and the end of the Reporting Period, no further Shares are available for granted under the Restricted Share Scheme.

Category of grantee	Date of grant	Lock-up arrangement (vesting period) and performance target	Grant price (RMB per Share)	Closing price before date of grant	Number of Restricted Shares as of January 1, 2026	Number of Restricted Shares granted during the Reporting Period	Number of unlocked (vested) Restricted Shares during the Reporting Period ⁽²⁾	Number of Restricted Shares waived/ forfeited/ lapsed during the Reporting Period	Number of Restricted Shares canceled during the Reporting Period	Number of Restricted Shares as of June 30, 2026
Employees	May 26, 2025	Note 1	19.34	37.52	4,235,000	0	0	140,000	0	4,095,000
	November 20, 2025	Note 1	19.34	40.15	950,000	0	0	40,000	0	910,000
Total					5,185,000	0	0	180,000	0	5,005,000

Notes:

- (1) The lock-up period for the Restricted Shares shall commence from the date of completion of registration of the Restricted Shares. Subject to the fulfilment of all unlocking conditions under the Restricted Share Scheme, the Restricted Shares shall be unlocked as to 30%, 30% and 40% during the periods from the first trading day after 12, 24 and 36 months to the last trading day within 24, 36 and 48 months from completion of registration, respectively. During the lock-up period, the Restricted Shares shall not be transferred, pledged or used for repayment of debts.

The performance assessment requirements in relation to the unlocking of the Restricted Shares granted under the Restricted Share Scheme include three levels: (1) the company level, measured by the company-level unlocking coefficient with reference to the Company's annual financial performance; (2) the department level, measured by the achievement of departmental performance indicators in accordance with the annual performance indicators assigned by the Company to each department and/or the relevant agreements signed between the Company and the grantee in each department; and (3) the individual level, measured by the individual-level unlocking rate with reference to the annual assessment result of each grantee.

Any Restricted Share for which the application for unlocking has not been made within the specified period, or that cannot be unlocked due to failure to meet the unlocking conditions, shall be repurchased by the Company in accordance with the Restricted Share Scheme.

- (2) The A Shares underlying the Restricted Shares granted have been issued and registered in full but are subject to unlocking conditions. As of June 30, 2026, no Restricted Shares were unlocked, and therefore the weighted average closing price before vesting date is inapplicable. On July 22, 2026, the Board approved the unlocking of 1,189,500 Restricted Shares, which may be tradable on the Shanghai Stock Exchange since August 5, 2026. Therefore, the corresponding weighted average closing price before vesting date (first trading date) is RMB35.8 per A Share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Employee Stock Ownership Scheme

The Employee Stock Ownership Scheme does not involve issue of new Shares by our Company. Therefore, the terms of the Employee Stock Ownership Scheme and the grants thereunder are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules except for the disclosure requirement under Rule 17.12 of the Hong Kong Listing Rules.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

H Share Repurchase

The H Shares of the Company were listed on the Hong Kong Stock Exchange on January 22, 2026. Since the Listing Date and up to the date of this report, the Company did not repurchase any H Shares.

A Share Repurchase

Pursuant to the A Share repurchase plan approved by the Board of Directors of the Company on April 8, 2025, the Company repurchases its A Shares through centralized competitive bidding on the Shanghai Stock Exchange using self-owned and self-raised funds (the “**2025 Repurchase Plan**”). The repurchased A Shares are intended to be used for the implementation of the employee stock ownership scheme or share incentive schemes of the Group.

The A-Share repurchase under the 2025 Repurchase Plan shall be conducted within a term from April 8, 2025 to April 7, 2026, with an aggregate repurchase amount of not less than RMB250 million and not more than RMB500 million, and a maximum repurchase price of RMB50.00 per A Share (inclusive). The Company purchased 7,499,937 A Shares under the 2025 Repurchase Plan in 2025 and has strictly complied with the stipulated maximum repurchase price set out in the plan. During the Reporting Period, no further A Shares were repurchased under the 2025 Repurchase Plan.

On April 28, 2026, the Board approved a new share repurchase plan (the “**2026 Repurchase Plan**”), pursuant to which the Company may repurchase its A Shares through centralized competitive bidding on the Shanghai Stock Exchange using self-owned and self-raised funds, for use in connection with the Group’s employee stock ownership scheme(s) or share incentive scheme(s). The 2026 Repurchase Plan is to be conducted within a term from April 28, 2026 to April 27, 2027, with an aggregate repurchase amount of not less than RMB250 million and not more than RMB500 million, and a maximum repurchase price of RMB57.72 per A Share (inclusive), which was subsequently adjusted to RMB57.22 per A Share (inclusive) with effect from June 4, 2026 following the implementation of the Company’s 2025 annual dividend distribution.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As of June 30, 2026, no A Shares had been repurchased under the 2026 Repurchase Plan. Since the end of the Reporting Period and up to the date of this interim report, the Company repurchased an aggregate of 6,637,051 A Shares under the 2026 Repurchase Plan, details of which are set out in the section headed “Important Events After the End of the Reporting Period” below.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

CHANGES IN DIRECTORS’ AND CHIEF EXECUTIVE’S INFORMATION

There are no material changes in Directors and chief executive of the Company and their respective biographies that need to be disclosed pursuant to Rule 13.51B (1) of the Hong Kong Listing Rules during the Reporting Period and up to the date of this report.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

From July 17, 2026 to August 24, 2026, the Company repurchased an aggregate of 6,637,051 A Shares on the Shanghai Stock Exchange through centralized competitive bidding, for an aggregate consideration of approximately RMB250,002,416.71 (excluding transaction commissions and relevant fees), which A Shares were held as treasury Shares for use in connection with the Group’s future stock incentive scheme and/or stock ownership scheme.

On July 22, 2026, the Board approved the repurchase and cancellation of 388,000 Restricted Shares granted under the Restricted Share Scheme due to the resignation of grantees, failure to meet performance targets and other reasons, at a repurchase price of RMB18.84 per Restricted Share, for a total repurchase amount of RMB7.31 million to be funded by the Company’s own capital. Upon completion of such repurchase and cancellation, the total share capital of the Company will be reduced from 522,590,644 shares to 522,202,644 shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

On August 13, 2026, the Company entered into the equity transfer agreements with the vendors, namely REN Liguó (任立國), DING Zhiyong (丁志永), CHEN Bo (陳波), WANG Zhonghui (王忠慧), Suzhou Ruiyongying Venture Investment Management Partnership (Limited Partnership) (蘇州瑞永盈創業投資管理合夥企業(有限合夥)) and Suanwang Investment (Hainan) Co., Ltd. (算網投資(海南)有限公司) pursuant to which the Company agreed to acquire from the vendors an aggregate of 80% equity interest in A-Rack, for a total consideration of RMB1,120.0 million. Upon completion of the acquisition, A-Rack will be held as to 80% by the Company and will become a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the financial statements of the Group. The acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Hong Kong Listing Rules. Certain vendors also provided performance guarantees in favour of the Company. For further details, please refer to the announcement of the Company dated August 13, 2026.

Save as disclosed above, the Group does not have any other important events occurred after the Reporting Period and up to the date of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company. None of the Group, Directors and senior management of the Company had been subject to any investigation or administrative penalty by the China Securities Regulatory Commission, banned from access to the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial authorities or held criminally responsible, nor were they involved in any other litigation, arbitration or administrative proceedings that would have a material adverse effect on our business, financial condition or results of operations.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HONG KONG LISTING RULES

As of June 30, 2026, the Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

By order of the Board

Shanghai Longcheer Technology Co., Ltd.

DU Junhong

Chairman and Executive Director

Hong Kong,

August 27, 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	4	18,661,304	19,907,696
Cost of sales		(16,923,166)	(18,341,436)
Cost of sales of goods and services		(16,887,230)	(18,301,924)
Impairment losses on inventories		(35,936)	(39,512)
Gross profit		1,738,138	1,566,260
Other income and gains		549,364	410,327
Sales and distribution expenses		(54,706)	(44,413)
Administrative expenses		(386,503)	(321,426)
Research and development expenses		(1,473,466)	(1,198,432)
Reversal of impairment losses on financial assets, net		1,825	389
Other expenses		(126,260)	(17,269)
Finance costs		(41,392)	(25,543)
Share of profits and losses of associates		4,822	9,686
PROFIT BEFORE TAX	5	211,822	379,579
Income tax credit/(expense)	6	39,287	(24,234)
PROFIT FOR THE PERIOD		251,109	355,345
Attributable to:			
Owners of the parent		245,858	355,609
Non-controlling interests		5,251	(264)
		251,109	355,345
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		RMB0.48	RMB0.77
Diluted		RMB0.48	RMB0.77

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	251,109	355,345
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	12,269	9,045
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during period	24,893	15,232
Exchange differences:		
Exchange differences on translation of foreign operations	(42,973)	(6,387)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(5,811)	17,890
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(5,811)	17,890
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	245,298	373,235
Attributable to:		
Owners of the parent	239,910	373,473
Non-controlling interests	5,388	(238)
	245,298	373,235

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,349,071	3,056,106
Investment properties		267,798	2,188
Right-of-use assets		995,639	673,920
Goodwill		297,554	–
Other intangible assets		137,933	71,103
Investments in associates		631,677	601,922
Deferred tax assets		260,683	201,697
Investments measured at fair value through profit or loss		1,082,823	383,682
Prepayments, other receivables and other assets		64,314	34,728
Time deposits		199,662	–
Total non-current assets		7,287,154	5,025,346
CURRENT ASSETS			
Inventories		2,821,057	1,921,544
Trade and bills receivables	10	10,234,754	9,877,651
Prepayments, other receivables and other assets		836,671	546,646
Investments measured at fair value through profit or loss		3,658,112	3,290,807
Derivative financial instruments		1,064	–
Pledged deposits		149,760	334,424
Restricted cash		2,087	102,015
Time deposits		1,260,834	–
Cash and cash equivalents		4,154,116	4,987,902
Total current assets		23,118,455	21,060,989

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 Audited RMB'000
CURRENT LIABILITIES			
Trade and bills payables	11	16,230,327	14,777,983
Contract liabilities		108,732	62,934
Other payables and accruals		600,835	801,044
Derivative financial instruments		6,681	30,510
Interest-bearing bank borrowings		3,783,260	3,496,828
Lease liabilities		51,954	56,472
Tax payable		23,086	16,481
Total current liabilities		20,804,875	19,242,252
NET CURRENT ASSETS		2,313,580	1,818,737
TOTAL ASSETS LESS CURRENT LIABILITIES		9,600,734	6,844,083
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,382,218	721,561
Lease liabilities		586,697	161,948
Deferred tax liabilities		17,433	11
Deferred income		143,057	134,245
Total non-current liabilities		2,129,405	1,017,765
Net assets		7,471,329	5,826,318
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	522,591	470,332
Treasury shares	15	(278,531)	(284,090)
Reserves		7,064,621	5,644,447
		7,308,681	5,830,689
Non-controlling interests		162,648	(4,371)
Total equity		7,471,329	5,826,318

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent										
	Share capital	Treasury shares	Capital	Share-based	Cash flow	Exchange	Statutory reserves	Retained profits	Non-controlling interests	Total equity	
			and other reserve	payment reserves	hedge reserve	fluctuation reserve					
			RMB'000	RMB'000	RMB'000	RMB'000					RMB'000
As at 31 December 2025 (audited)	470,332	(284,090)	2,795,154	400,842	(30,510)	27,663	179,991	2,271,307	5,830,689	(4,371)	5,826,318
Profit for the period	-	-	-	-	-	-	-	245,858	245,858	5,251	251,109
Other comprehensive income for the period:											
Share of other comprehensive income of associates	-	-	12,269	-	-	-	-	-	12,269	-	12,269
Cash flow hedges	-	-	-	-	24,893	-	-	-	24,893	-	24,893
Exchange differences on translation of foreign operations	-	-	-	-	-	(43,110)	-	-	(43,110)	137	(42,973)
Total comprehensive income for the period	-	-	12,269	-	24,893	(43,110)	-	245,858	239,910	5,388	245,298
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	161,631	161,631
Issue of shares	52,259	-	1,387,328	-	-	-	-	-	1,439,587	-	1,439,587
Share issue expenses	-	-	(72,296)	-	-	-	-	-	(72,296)	-	(72,296)
Cash dividends distributed to the expected vested shares under A share stock ownership schemes	-	5,559	-	-	-	-	-	-	5,559	-	5,559
Share-based payments	-	-	1,550	75,112	-	-	-	-	76,662	-	76,662
Dividends declared	-	-	-	-	-	-	-	(260,471)	(260,471)	-	(260,471)
Share of other capital reserves of associates	-	-	49,041	-	-	-	-	-	49,041	-	49,041
As at 30 June 2026 (unaudited)	522,591	(278,531)	4,173,046	475,954	(5,617)	(15,447)	179,991	2,256,694	7,308,681	162,648	7,471,329

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent										
	Share capital	Treasury shares	Capital	Share-based	Cash flow	Exchange	Statutory reserves	Retained	Non-controlling interests	Total equity	
			and other	payment	hedge	fluctuation		profits			
			reserve	reserves	reserve	reserve					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2024 (audited)	465,097	–	2,737,445	265,927	(26,910)	64,235	150,757	1,944,222	5,600,773	(7,643)	5,593,130
Profit for the period	–	–	–	–	–	–	–	355,609	355,609	(264)	355,345
Other comprehensive income for the period:											
Share of other comprehensive income of associates	–	–	9,045	–	–	–	–	–	9,045	–	9,045
Cash flow hedges	–	–	–	–	15,232	–	–	–	15,232	–	15,232
Exchange differences on translation of foreign operations	–	–	–	–	–	(6,413)	–	–	(6,413)	26	(6,387)
Total comprehensive income for the period	–	–	9,045	–	15,232	(6,413)	–	355,609	373,473	(238)	373,235
Shares repurchased for a share award scheme	–	(299,820)	(49)	–	–	–	–	–	(299,869)	–	(299,869)
Share-based payments	–	–	48	40,764	–	–	–	–	40,812	–	40,812
Dividends declared	–	–	–	–	–	–	–	(228,798)	(228,798)	–	(228,798)
Share of other capital reserves of associates	–	–	(453)	–	–	–	–	–	(453)	–	(453)
At 30 June 2025 (unaudited)	465,097	(299,820)	2,746,036	306,691	(11,678)	57,822	150,757	2,071,033	5,485,938	(7,881)	5,478,057

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		211,822	379,579
Adjustments for:			
Finance costs		53,593	33,343
Interest income		(63,455)	(77,676)
Reversal of impairment losses on financial assets, net		(1,825)	(389)
Impairment of inventories	5	35,936	39,512
Depreciation of property, plant and equipment	5	235,416	193,251
Amortisation of other intangible assets	5	13,791	11,191
Depreciation of right-of-use assets	5	43,425	44,743
Depreciation of investment properties	5	1,538	69
Share-based payments	5	75,112	40,764
Loss on disposal of items of property, plant and equipment, and other intangible assets	5	3,808	7,719
Gain on lease term termination		(253)	–
Fair value changes in investments measured at fair value through profit or loss, net	5	(204,339)	(51,057)
Share of profits of associates		(4,822)	(9,686)
Gain on disposal of investments measured at fair value through profit or loss, net	5	(24,104)	(18,345)
Gain on settlement of derivative financial instruments	5	(35,775)	9,681
Foreign exchange differences, net		47,378	9,304
		387,246	612,003
Increase in inventories		(901,664)	(226,115)
(Increase)/decrease in trade and bills receivables		(229,621)	1,434,169
Increase in prepayments, other receivables and other assets		(313,087)	(263,558)
Increase/(decrease) in trade and bills payables		1,436,925	(1,789,087)
Decrease in other payables and accruals		(197,332)	(100,378)
Increase in contract liabilities		45,550	65,357
Increase/(decrease) in deferred income		8,812	(7,694)
(Increase)/decrease in restricted cash and pledged deposits		(70,408)	964,003
Cash generated from operations		166,421	688,700
Interest received		47,813	77,676
Taxes paid		(28,162)	(40,216)
Net cash flows from operating activities		186,072	726,160

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments measured at fair value through profit or loss	15,353,065	14,185,967
Settlement of derivative financial instruments, net	35,775	11,317
Dividends received	19,652	40,529
Purchases of items of property, plant and equipment	(602,878)	(325,871)
Additions to other intangible assets	(33,831)	(14,307)
Proceeds from disposal of items of property, plant and equipment	1,904	2,558
Purchases of investments measured at fair value through profit or loss	(16,107,353)	(14,201,915)
Acquisition of subsidiaries	(451,337)	(35,775)
Investment in an associate	(1,982)	–
Increase in other payables and accruals	–	2,320
Decrease in non-pledged time deposits with original maturity of three months or more when acquired	–	93,876
Increase in non-pledged time deposits with original maturity of three months or more when acquired	(1,444,854)	–
Decrease in prepayments, other receivables and other assets	2,424	–
Net cash flows used in investing activities	(3,229,415)	(241,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(47,813)	(32,004)
Discount interest on bills	–	(3,537)
Proceeds from issue of shares	1,439,587	–
Share issue expenses	(48,353)	(2,781)
New bank loans	4,450,613	2,487,500
Repayment of bank loans	(3,477,942)	(1,831,596)
Principal portion of lease payments	(56,333)	(44,119)
Dividends paid	(257,824)	(226,798)
Repurchase of shares held for a share award scheme	–	(299,869)
Withdrawal of pledged deposits	255,000	–
Proceeds from shares to be granted under share award scheme	–	57,263
Net cash flows from financing activities	2,256,935	104,059
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(786,408)	588,918
Cash and cash equivalents at beginning of period	4,987,902	5,461,528
Effect of foreign exchange rate changes, net	(47,378)	(9,304)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,154,116	6,041,142

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,305,963	6,341,528
Less: restricted cash	2,087	1,212
Pledged deposits	149,760	299,174
Cash and cash equivalents as stated in the statement of cash flows	4,154,116	6,041,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. CORPORATE INFORMATION

Shanghai Longcheer Technology Co., Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) as a wholly foreign owned enterprise on 27 October 2004. The Company was listed on the Shanghai Stock Exchange on 1 March 2024 and was subsequently listed on the Stock Exchange of Hong Kong Limited on 22 January 2026. The registered office of the Company is located at Building 1, No. 401 Caobao Road, Xuhui District, Shanghai, the PRC.

The Company and its subsidiaries (collectively, the “Group”) engaged in the manufacture and sale of smartphones, tablets, artificial intelligence and internet of things (“AIoT”) products and other electronic equipment and the provision of research and development (“R&D”) and technical services.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2025.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period’s financial information.

Amendments to IFRS 9 and IFRS 7

Amendments to the Classification and Measurement of Financial Instruments

Amendments to IFRS 9 and IFRS 7

Contracts Referencing Nature-dependent Electricity

Annual Improvements to IFRS Accounting Standards – Volume 11

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

The nature and impact of the amended IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.
- (b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.
- (c) *Annual Improvements to IFRS Accounting Standards* – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of smartphones, tablets, AIoT products and other electronic equipment and the provision of R&D and technical services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The revenue information based on the locations of the customers is as follows:

Information about major customers

For the six months ended 30 June 2026, revenue of approximately RMB13,353,544,000 (six months ended 30 June 2025: RMB13,332,156,000) was generated from sales to customers which individually amounted to more than 10% of the Group's total revenue, including sales to a group of entities which are known to be under common control with such customers.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers	18,661,304	19,907,696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. REVENUE (CONTINUED)

Revenue from contracts with customers

Disaggregated of the Group's revenue from contracts with customers is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Types of goods or services		
Smartphones	12,419,867	14,022,251
Tablets	2,279,832	1,900,423
AIoT and other products	3,604,724	3,321,205
Others	356,881	663,817
Total	18,661,304	19,907,696
Geographical markets		
Chinese mainland	10,334,179	11,936,313
Overseas	8,327,125	7,971,383
Total	18,661,304	19,907,696
Timing of revenue recognition		
Transferred to customers at a point in time	18,661,304	19,907,696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of sales of goods and services*	16,887,230	18,301,924
Depreciation of property, plant and equipment	235,416	193,251
Amortisation of other intangible assets	13,791	11,191
Depreciation of right-of-use assets	43,425	44,743
Depreciation of investment properties	1,538	69
Research and development expenses*	1,473,466	1,198,432
Listing expenses	2,955	447
Lease payments not included in the measurement of lease liabilities	28,610	36,360
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):		
Wages and salaries	1,495,768	1,335,968
Share-based payments	75,112	40,764
Pension scheme contributions and social welfare	305,501	248,671
Impairment losses on inventories	35,936	39,512
Loss on disposal of items of property, plant and equipment, and other intangible assets	3,808	7,719
Fair value changes in investments measured at fair value through profit or loss, net	(204,339)	(51,057)
Gain on disposal of investment measured at fair value through profit or loss, net	(24,104)	(18,345)
(Gain)/loss on settlement of derivative financial instruments	(35,775)	9,681

* Cost of sales of goods and services and research and development expenses include expenses relating to depreciation of property, plant and equipment, amortisation of other intangible assets, depreciation of right-of-use assets, depreciation of investment properties, and employees costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Chinese Mainland

Pursuant to the income tax rules and regulations of Chinese mainland, the provision for Chinese mainland income tax for the Group's entities is calculated based on the statutory tax rate of 25% (2025: 25%), except for the Company and certain subsidiaries of the Group in Chinese mainland which are registered as High and New Technology Enterprises ("HNTE") pursuant to the PRC tax regulations and are entitled to a preferential tax rate of 15% (2025: 15%).

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, and pursuant to which 25% these subsidiaries' annual taxable income amount not exceeding RMB3,000,000 was applied to compute the actual taxable income payable and be subject to a reduced tax rate of 20%.

The Company and certain of its subsidiaries including Shanghai Miaobo Software Technology Co., Ltd., Shanghai Longcheer Intelligent Technology Co., Ltd., KC Precision Technology (Dongguan) Co., Ltd. and Longcheer Electronics (Huizhou) Co., Ltd. were registered as High and New Technology Enterprises ("HNTEs") and subject to a preferential corporate income tax rate of 15% (2025: 15%).

Hong Kong

The subsidiaries incorporated in Hong Kong were subject to Hong Kong profits tax at the rate of 16.5% on the estimated taxable income arising in Hong Kong for the six months ended 30 June 2025 and 2026.

The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% on its federal taxable income as well as California state corporate income tax at the rate of 8.84% (2025: 8.84%) (minimum tax of USD800) on its California state taxable income.

India

Pursuant to the relevant tax laws, the subsidiary incorporated in India was subject to corporate income tax at a rate of 22% (2025: 22%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. INCOME TAX (CONTINUED)

Malaysia

Pursuant to the relevant tax laws, subsidiaries incorporated in Malaysia, except those actually registered in Labuan whose offshore income is exempt from corporate income tax, are subject to corporate income tax at a rate of 24% (2025: 24%).

Republic of Korea

Pursuant to the relevant tax laws, the subsidiary incorporated in the Republic of Korea was subject to corporate income tax at a progressive tax rate of 9% to 24% (2025: 9% to 24%) according to the annual pre-tax profit.

Vietnam

Pursuant to the relevant tax laws, the subsidiary located in Vietnam was subject to corporate income tax at a rate of 20% (2025: 20%). No profit tax has been provided for the subsidiary incorporated in Vietnam as no assessable profits were generated in Vietnam.

Japan

Pursuant to the relevant tax laws, the subsidiary incorporated in Japan was subject to corporate tax at the rate of 23.20% (2025: 23.20%).

Singapore

Pursuant to the relevant tax laws, the subsidiary located in Singapore was subject to corporate income tax at a rate of 17% (2025: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current – Chinese mainland	4,476	37,332
Current – Elsewhere – Income taxes (excluding Pillar Two income taxes)	14,243	601
Deferred income tax	(58,006)	(13,699)
Total tax (credit)/charge for the period	(39,287)	24,234

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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7. DIVIDENDS

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Final dividend	260,471	228,798

On 8 May 2026, a resolution to declare cash dividends was passed by the shareholders in the annual general meeting for year ended 31 December 2025 with the amount of RMB5 per 10 ordinary shares (inclusive of related tax).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the expected vested shares under restricted share scheme and employee stock ownership scheme, and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the period.

The calculation of the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares arising from share incentive schemes into ordinary shares.

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8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	245,858	355,609
Less: Cash dividends distributed to the expected vested shares under restricted share scheme and employee stock ownership scheme	(5,559)	–
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	240,299	355,609
Cash dividends distributed to the expected vested shares under restricted share scheme and employee stock ownership scheme	5,559	–
Adjusted profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	245,858*	355,609
	2026	2025
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation ('000)	503,002	462,912
Effect of dilution – weighted average number of ordinary shares: Restricted share scheme and employee stock ownership scheme ('000)	1,439	–
Total	504,441*	462,912

* Because the diluted earnings per share amount is increased when taking restricted share scheme and employee stock ownership scheme into account, which had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the period of RMB240,299,000, and the weighted average number of ordinary shares of 503,002,000 outstanding during the period.

** The weighted average number of shares was after taking into account the effect of treasury shares repurchased.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment at a cost of RMB559,137,000 (six months ended 30 June 2025: RMB409,246,000) excluding property, plant and equipment acquired through acquisition of a subsidiary amounted to RMB120,935,000 (six months ended 30 June 2025: 16,095,000).

Property, plant and equipment with a net book value of RMB5,619,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB11,027,000), resulting in a net loss on disposal of RMB3,808,000 (six months ended 30 June 2025: RMB7,716,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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10. TRADE AND BILLS RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	10,205,304	9,865,579
Bank acceptance notes	36,840	21,312
Subtotal	10,242,144	9,886,891
Impairment	(7,390)	(9,240)
Total	10,234,754	9,877,651

An ageing analysis of the Group's trade receivables and bank acceptance notes as at the end of the reporting period, based on invoice date information and net of loss allowance, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 1 year	10,234,659	9,872,836
Over 1 year	95	4,815
Total	10,234,754	9,877,651

The net carrying amounts of due from related parties included in the above are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Xiaomi corporation and its subsidiaries ("Xiaomi Group")	2,614,116	3,522,303
DBG Technology (India) Private Limited	35,124	32,793
DBG Technology Co., Ltd.	346	1,852
Total	2,649,586	3,556,948

The balances are unsecured, interest-free and on credit terms similar to those offered to the major customers of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. TRADE AND BILLS PAYABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	8,575,414	7,616,723
Bills payable	7,654,913	7,161,260
Total	16,230,327	14,777,983

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 1 year	16,209,398	14,732,523
1 to 2 years	14,866	38,218
2 to 3 years	1,604	1,293
Over 3 years	4,459	5,949
Total	16,230,327	14,777,983

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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11. TRADE AND BILLS PAYABLES (CONTINUED)

The net carrying amounts of due to related parties included in the above are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
DBG Technology Co., Ltd.	18,771	57,424
Xiaomi Group	55,926	35,015
DBG Technology (India) Private Limited	26,379	540
Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative	–	40
Total	101,076	93,019

The balances are unsecured, interest free and on credit terms similar to those offered to the major customers of the Group.

The Group entered into supplier finance arrangement with Xiaomi Group, China Construction Bank ("Construction Bank"), China Merchants Bank ("Merchants Bank"), China CITIC Bank ("CITIC"), Shanghai Pudong Development Bank ("SPDB") and Bank of Shanghai ("BOS"), collectively as the "factoring companies". Pursuant to the arrangement, Xiaomi Group, Construction Bank, Merchants Bank, CITIC, SPDB and BOS provided factoring on the trade receivables of the Group's suppliers with a total credit limit up to RMB6.45 billion as at 30 June 2026.

Under these supplier finance arrangements, the Group's suppliers are eligible to have their undue accounts receivables from the Group factored by the factoring companies. Upon the Group's approval, the suppliers enter into accounts receivables transfer agreements with the factoring companies, whereby their corresponding accounts receivables transferred from the Group to the factoring companies. The factoring companies settled the suppliers directly for the factored receivables. The Group subsequently made payments to the factoring companies to settle the factored accounts receivables. The credit periods of the above supplier finance arrangements are usually not more than 12 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. TRADE AND BILLS PAYABLES (CONTINUED)

All financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables.

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:		
Trade and bills payables	2,716,627	3,848,856
Of which suppliers have received payments	603,642	797,586

For financial liabilities that are part of the supplier finance arrangements included in trade and bills payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

12. SHARE CAPITAL

Shares

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Issued and fully paid:		
522,590,644(2025:470,331,544) ordinary shares of RMB1.00 each	522,591	470,332

A summary of movements in the Company's share capital is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
At the beginning of the period/year	470,332	465,097
Issue of shares	52,259	5,235
At the end of the period/year	522,591	470,332

In January 2026, the Company successfully completed its public offering to issue 52,259,100 H-shares at an offer price of HKD31.00 per share on the Main Board of The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

13. BUSINESS COMBINATION

On 30 April 2026, the Group acquired a 60% interest in each of KC Precision and Geeia Metal. KC Precision is engaged in the etching and manufacture of VC (Vapor Chamber) heat spreaders and precision metal components. Geeia Metal is engaged in the provision of metal processing solutions. The acquisition was made as part of the Group's strategy to enhance its market penetration in segments such as smartphones and tablet computers and generate synergies with its existing business. The purchase consideration for the acquisition was in the form of cash, with RMB300,000,000 paid on 29 April 2026 and the remaining RMB240,000,000 paid on 18 June 2026.

The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000 (Unaudited)
Property, plant and equipment	120,935
Right-of-use assets	35,230
Other intangible assets	44,819
Prepayments, other receivables and other assets	8,299
Inventories	33,785
Trade and bills receivables	137,633
Cash and cash equivalents	88,663
Trade and bills payables	(19,010)
Contract liabilities	(248)
Other payables and accruals	(8,070)
Lease liabilities	(11,316)
Tax payable	(8,650)
Deferred tax liabilities	(17,993)
Total identifiable net assets at fair value	404,077
Non-controlling interests	(161,631)
Goodwill on acquisition	297,554
Satisfied by cash	540,000

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash consideration	(540,000)
Cash and bank balances acquired	88,663
Net outflow of cash and cash equivalents included in cash flows from investing activities	(451,337)
Total net cash outflow	(451,337)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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13. BUSINESS COMBINATION (CONTINUED)

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2026	–
Acquisition of a subsidiary	297,554
At 30 June 2026	297,554
Net book value	
At 1 January 2026	–
At 30 June 2026	297,554

Since the acquisition, KC Precision and Geeia Metal contributed RMB49,884,000 to the Group's revenue and RMB2,126,000 to the consolidated profit for the six months ended 30 June 2026.

14. SHARE-BASED PAYMENTS

Share Award Scheme

The Group adopted a share award scheme (the "**Share Award Scheme**") for certain employees of the Group ("**Share Incentive Participants**") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Kunshan Longcheer Investment Management Center (Limited Partnership), Shanghai Qili Enterprise Management Partnership Enterprise (Limited Partnership), Shanghai Qizhuang Enterprise Management Partnership Enterprise (Limited Partnership), Shanghai Qili Enterprise Management Partnership Enterprise (Limited Partnership), Kunshan Qiyun Investment Management Center (Limited Partnership), Shanghai Qijing Enterprise Management Partnership Enterprise (Limited Partnership), Ningbo Meishan Bonded Port Area Qizhong Enterprise Management Partnership Enterprise (Limited Partnership), Shanghai Qixue Enterprise Management Partnership Enterprise (Limited Partnership), Ningbo Meishan Bonded Port Area Qifei Enterprise Management Partnership Enterprise (Limited Partnership) and Ningbo Meishan Bonded Port Area Qiyuan Enterprise Management Partnership Enterprise (Limited Partnership) were established and designated as custodian to hold the incentive shares awarded to the eligible participants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. SHARE-BASED PAYMENTS (CONTINUED)

Share Award Scheme (Continued)

Each grant of shares before 2025 shall vest on the later of: (i) five years from the grant date, or (ii) three years after the Company's successful listing on the Shanghai Stock Exchange. After taking into consideration the best estimation of timeline for the Company's successful listing, the management determined the vesting period of the relevant shares based on the above service requirements. As such, the share-based payment expenses are amortized during the vesting period.

Restricted share scheme

In May 2025, the Company's board of directors approved a restricted share scheme (the "RSs") and granted 4,285,000 shares to certain employees at a grant price of RMB19.34 per share. The participants were entitled to receive newly issued ordinary shares of the Company. The RSs granted would vest at rate of 30%, 30%, 40% upon the first, second and third anniversaries of the vesting commencement date, respectively, on condition that employees remain in service and certain non-market performance criteria is met. The performance goals are determined by the Company's board of directors. Evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share award expenses are then adjusted to reflect the revision of original estimates.

The Company is obliged to repurchase the shares from the employees with original granted price when vesting conditions are not met.

In November 2025, the Company granted further 950,000 shares to certain employees under the RSs at a grant price of RMB19.34 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

14. SHARE-BASED PAYMENTS (CONTINUED)

Employee stock ownership scheme

In July 2025, the Company's directors approved an employee stock ownership scheme (the "ESOP") and granted 6,270,000 shares to certain employees at a grant price of RMB21.32 per share. Under this ESOP, the Company repurchased its shares and granted to those eligible grantees which are being held on custody by the Company. The repurchased shares granted under the ESOP would be vested at rate of 30%, 30%, 40% upon the first, second and third anniversaries of the vesting commencement date, respectively, on condition that employees remain in service and certain non-market performance criteria is met. The performance goals are determined by the Company's director. Evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share award expenses are then adjusted to reflect the revision of original estimates. The Company is obliged to repurchase the shares from the employees with original granted price when vesting conditions are not met.

Movements in the number of shares granted were as follows:

	Number of shares	
	As at 30 June 2026	As at 31 December 2025
At the beginning of the period/year	32,113,827	21,205,048
Granted during the period/year	–	11,505,000
Forfeited during the period/year	(698,209)	(596,221)
At the end of the period/year	31,415,618	32,113,827

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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15. TREASURY SHARES

A summary of movements in the Company's treasury shares is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2026 (audited)	12,734,937	284,090
Cash dividends distributed to the expected vested shares under A share stock ownership schemes (unaudited)	–	(5,559)
At 30 June 2026 (unaudited)	12,734,937	278,531
At 1 January 2025 (audited)	–	–
Repurchase of shares (audited)	7,499,937	299,820
Shares granted under a share award scheme (audited)	(6,270,000)	(250,651)
Share repurchase obligation recognised (audited)	11,505,000	234,921
At 31 December 2025 (audited)	12,734,937	284,090

16. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	447,901	432,727

In addition, the Group had the following commitments provided to an associate and an unlisted equity investment, which are not included in the above.

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Capital contributions	106,586	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

(a) Names of related parties and their relationship with the Group

Name	Relationship with the Group
DBG Technology (India) Private Limited	Longcheer Telecommunication (H.K.) Limited holds 11.07% equity interest
DBG Technology Co., Ltd.	Longcheer Telecommunication (H.K.) Limited indirectly holds 10.63% of effective equity interest
Xiaomi Group	Companies of which Mr. Lei Jun (a shareholder of the Company) is a shareholder
Shanghai Donghe Jiugu Happy Farm Co., Ltd. 上海東禾九穀開心農場有限公司	A company of which Mr. Du Junqi (a close family member of Mr. Du Junhong) has equity interest
Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative 上海東禾蔬果種植專業合作社	A company of which Mr. Du Junqi (a close family member of Mr. Du Junhong) has equity interest
Zhenshi Information Technology (Shanghai) Co., Ltd. 甄十信息科技(上海)有限公司**	A company of which Mr. Fan Haitao (a shareholder of the Company) is a shareholder
70mai Co., Ltd. 上海七十邁數字科技有限公司**	A company of which Mr. Tang Xiaoxun (a shareholder of the Company) is a shareholder
Shanghai Moban Intelligent Technology Co., Ltd. 上海墨案智能科技有限公司**	Shanghai Lingxun Enterprise Management Center (Limited Partnership) (Mr. Du Junhong is a managing partner) holds 21.18% equity interest
Huizhou Longhe Technology Co., Ltd. 惠州市龍和科技有限公司*	A company of which Mr. Du Junhong was a shareholder

* Huizhou Longhe Technology Co., Ltd. has become a subsidiary of the Group since May 2025.

** Zhenshi Information Technology (Shanghai) Co., Ltd., 70mai Co., Ltd. and Shanghai Moban Intelligent Technology Co., Ltd. have no longer been related companies of the Group since the beginning of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The Group had the following transactions with related parties during the reporting periods:

Transactions with related parties	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Purchase of products and processing		
DBG Technology (India) Private Limited	218,890	65,438
DBG Technology Co., Ltd.	85,851	105,835
Total	304,741	171,273
Purchases of products		
Xiaomi Group	262,037	213,605
Shanghai Donghe Jiugu Happy Farm Co., Ltd.	57	34
Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative	1,124	813
Total	263,218	214,452
Provision of services or sales of products		
Xiaomi Group	4,091,704	5,708,395
Zhenshi Information Technology (Shanghai) Co., Ltd.	–	163
70mai Co., Ltd.	–	2
Total	4,091,704	5,708,560
Sales of products		
DBG Technology (India) Private Limited	57,484	12,504
DBG Technology Co., Ltd.	4,518	2,983
Shanghai Moban Intelligent Technology Co., Ltd.	–	1
Total	62,002	15,488
Lease expenses		
Huizhou Longhe Technology Co., Ltd.	–	1,356

The transactions with related parties were made according to the published prices and conditions negotiated between the parties.

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17. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Due from related parties		
Trade-related		
Xiaomi Group	380	380
Contract liabilities		
Trade-related		
Xiaomi Group	3,378	–

These balances were interest-free, unsecured and repayable on demand.

Further details of trade related outstanding balances with related parties are included in note 10 and note 11.

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Fees	195	193
Other emoluments:		
Salaries, allowances and benefits in kind	7,550	7,052
Share-based payment expenses	12,967	11,078
Pension scheme contributions	653	789
Total	21,365	19,112

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18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair values	
	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	4,740,935	3,674,489	4,740,935	3,674,489
Derivative financial instruments	1,064	–	1,064	–
Total	4,741,999	3,674,489	4,741,999	3,674,489
Financial liabilities				
Derivative financial instruments	6,681	30,510	6,681	30,510
Interest-bearing bank borrowings	5,165,478	4,218,389	5,068,723	4,136,243
Total	5,172,159	4,248,899	5,075,404	4,166,753

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent listed equity investments in the secondary market, structured deposits and wealth management product issued by banks. The Group has estimated the fair value of equity investments in the secondary market based on the closing price in publicly traded markets on the balance sheet date. For structured deposits and wealth management products, since the historical actual returns are consistent with expected returns, the Group measures the fair value of bank wealth management products classified as trading financial assets using the expected rate of return and the investment period.

The Group enters into derivative financial instruments with banks. Derivative financial instruments are mainly about forward currency contracts. The fair values of derivative financial instruments are measured based on the valuation report obtained.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings was assessed to be insignificant as at the end of the reporting period.

The fair values of unlisted equity investments measured at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("P/B") multiple, price to earnings ("P/E") multiple and price to sales ("P/S") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2026 and 31 December 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Investments measured at fair value through profit or loss				
Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2025: 10.53% to 17.58% 30 June 2026: 9.56% to 16.38%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB1,581,000 1% increase or decrease in multiple would result in decrease or increase in fair value by RMB7,417,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2026

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Trade and bills receivables	–	19,797	–	19,797
Derivative financial instruments	–	1,064	–	1,064
Listed equity investments	4,909	–	–	4,909
Structured deposits and wealth management products	–	3,653,203	–	3,653,203
Unlisted equity investments	–	–	1,082,823	1,082,823
Total	4,909	3,674,064	1,082,823	4,761,796

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant	Significant	
		observable	unobservable	
		inputs	inputs	
		Level 2 RMB'000	Level 3 RMB'000	
Trade and bills receivables	–	7,623	–	7,623
Listed equity investments	5,092	–	–	5,092
Structured deposits and wealth management products	–	3,285,715	–	3,285,715
Unlisted equity investments	–	–	383,682	383,682
Total	5,092	3,293,338	383,682	3,682,112

The movements in fair value measurements within Level 3 during the period are as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Unlisted equity investments		
At beginning of period/year	383,682	242,652
Total gains recognised in the statements of profit or loss	162,898	36,643
Purchases	548,604	118,121
Transfer into level 1	–	(979)
Disposal	(12,361)	(12,755)
At ending of period/year	1,082,823	383,682

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities measured at fair value:

As at 30 June 2026

	Fair value measurement using			Total RMB'000
	Quoted prices in	Significant	Significant	
	active markets	observable	unobservable	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	
Derivative financial instruments	–	6,681	–	6,681

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in	Significant	Significant	
	active markets	observable	unobservable	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	
Derivative financial instruments	–	30,510	–	30,510

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

19. EVENTS AFTER THE REPORTING PERIOD

Equity Incentive Plan

The Company held the 18th meeting of the Fourth Board of Directors on July 22, 2026, at which it deliberated and approved the proposal regarding the repurchase and cancellation of certain restricted shares under the 2025 Restricted Share Incentive Plan. Pursuant to the authorization granted by the general meeting of shareholders, the Board agreed to repurchase and cancel 388,000 restricted shares that are ineligible for vesting due to the resignation of incentive recipients, failure to meet individual performance assessments, demotion, and other reasons, at a repurchase price of RMB18.84 per share, for a total repurchase amount of RMB7,310,000 to be funded by the Company's own capital. Upon completion of this repurchase and cancellation, the Company's total share capital will be reduced from 522,590,644 shares to 522,202,644 shares, and no change to the controlling shareholder or the actual controller will result therefrom.

Acquisition of 80% equity interest in the Suzhou Anruike Information Technology Co., Ltd.

On August 13, 2026, the Group entered into the equity transfer agreements with independent third parties to acquire an 80% interest in Suzhou Anruike Information Technology Co., Ltd. (蘇州安瑞可信息科技有限公司), for a total consideration of RMB1,120,000,000.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"AI"	artificial intelligence, simulation of human intelligence by machine
"AIDC infrastructure"	specialized hardware, power, cooling, and network systems that make up an AI data center (a specialized facility designed to store, manage, and process massive amounts of data required for AI operations)
"AIoT"	Artificial Intelligence of Things, the combination of AI technologies with the IoT infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
"AI PC(s)"	personal computer(s) equipped with AI technologies
"A Share(s)" or "A-Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 per share, which are listed for trading on the Shanghai Stock Exchange and traded in Renminbi
"Audit Committee"	the audit committee of the Board
"A-Rack"	Suzhou Anruike Information Technology Co., Ltd. (蘇州安瑞可信息科技有限公司), a limited liability company established in the PRC on December 13, 2011
"A-Share Listing"	public offering and listing of A Shares of our Company on the Shanghai Stock Exchange under the stock code 603341 on March 1, 2024
"Board" or "Board of Directors"	the board of Directors of our Company

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"Chengmai Qihe"	Chengmai Qihe Enterprise Management Partnership (Limited Partnership) (澄邁旗禾企業管理合夥企業(有限合夥)), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 25, 2014, the general partner of which is Mr. DU Junhong
"China" or "the PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan of the People's Republic of China
"Company"	Shanghai Longcheer Technology Co., Ltd. (上海龍旗科技股份有限公司) (formerly known as Longcheer Technology (Shanghai) Limited (龍旗科技(上海)有限公司)), was established under the laws of the PRC with limited liability on October 27, 2004, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 603341) and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 9611)
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to Mr. DU Junhong, Mr. GE Zhengang, Shanghai Xinhe, Shanghai Longcheer Qiyuan, Chengmai Qihe and Shanghai Qiyun
"Director(s)"	the director(s) of our Company
"ESG"	Environmental, Social and Governance
"Employee Stock Ownership Scheme"	an A-Share employee stock ownership scheme approved by the Shareholders and adopted on May 26, 2025

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Geeia Metal"	Dongguan Geeia Metal Products Co., Ltd. (東莞市吉亞金屬製品有限公司), a non-wholly owned subsidiary of the Company and a limited liability company established in the PRC on March 16, 2017
"Group" or "Longcheer Technology"	the Company and its subsidiaries
"H Share(s)" or "H-Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are traded in HK dollars, and are listed on the Hong Kong Stock Exchange
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars," "HK dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"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 Listing"	public offering and listing of H Shares of our Company on the Hong Kong Stock Exchange under the stock code 9611 on January 22, 2026
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Internet of Things" or "IoT"	Internet of Things, which describes the network of devices that are embedded with sensors, software and other technologies for the purpose of connecting and exchanging data with other devices and systems over the Internet or other communications networks
"KC Precision"	KC Precision Technology (Dongguan) Co., Ltd. (科峻成精密科技(東莞)有限公司), a non-wholly owned subsidiary of the Company and a limited liability company established in the PRC on March 24, 2021

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Listing Date"	January 22, 2026, being the date of listing of the Company's H Shares on the Main Board of the Hong Kong Stock Exchange
"manufacturing center(s)"	hub(s) for our manufacturing activities, including the centers in Huizhou, Nanchang, Vietnam, and India (in collaboration with a third-party electronic manufacturing services partner)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
"ODM"	original design manufacturing
"OS"	operating system
"PC"	personal computer
"Puck product"	a dedicated companion computing device for AR glasses, serving as the standalone computing, storage, battery, touch-control and connectivity unit in a distributed spatial computing architecture. It offloads processing, heat dissipation and power consumption from the glasses frame, helping the AR glasses remain lightweight, comfortable and easier to upgrade
"Reporting Period"	the six months from January 1, 2026 to June 30, 2026
"Restricted Share Scheme"	the restricted A-Share scheme approved by the Shareholders and adopted on May 26, 2025
"Restricted Share(s)"	the restricted A-Shares to be granted and issued as incentives to certain participants under the Restricted Share Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RTOS"	real-time operating system

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Longcheer Qiyuan”	Shanghai Longcheer Qiyuan Enterprise Management Partnership Enterprise (Limited Partnership) (上海龍旗旗遠企業管理合夥企業(有限合夥)) (previously known as Kunshan Longcheer Investment Management Center (Limited Partnership) (昆山龍旗投資管理中心(有限合夥))), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 25, 2014, the general partner of which is Shanghai Xinhe
“Shanghai Qiyun”	Shanghai Qiyun Enterprise Management Partnership Enterprise (Limited Partnership) (上海旗允企業管理合夥企業(有限合夥)) (previously known as Kunshan Qiyun Investment Management Center (Limited Partnership) (昆山旗雲投資管理中心(有限合夥))), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 2, 2014, the executive general partner of which is Mr. GE Zhengang
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shanghai Xinhe”	Shanghai Xinhe Enterprise Management Co., Ltd. (上海芯禾企業管理有限公司), one of our Controlling Shareholders and a limited liability company incorporated in the PRC on June 7, 2018, which is owned as to 51% by Mr. DU Junhong and as to 49% by Mr. GE Zhengang
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“shipment”	in the context of the ODM shipment of our products, including complete units, semi-knocked down and completely knocked down
“SiP”	System-in-Package, an advanced semiconductor packaging technology that integrates multiple electronic components, such as processors, memory, sensors, and passive elements, into a single compact module. These components are connected internally, allowing the SiP to perform as a complete functional system while saving space and improving performance in electronic devices
“smart eyewear”	smart eyewear encompasses products such as AI glasses and smart head-mounted display devices capable of delivering augmented reality (AR), extended reality (ER), virtual reality (VR), and mixed reality (MR) experiences
“TWS”	true wireless stereo, a wireless audio technology that enables the transmission of stereo sound signals via Bluetooth without the need for any physical cables

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollars," "US\$" or "USD"	United States dollars, the lawful currency of the United States
"XR"	extended reality
"%"	percent

In this report, unless otherwise indicated, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group, and the terms "associate", "associated corporation", "connected person", "subsidiary" and "substantial Shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules.

Certain amounts and percentage figures included in this report have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.



上海龍旗科技股份有限公司
Shanghai Longcheer Technology Co., Ltd.