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**RONGTA**

**Rongta Technology (Xiamen) Group Co., Ltd.**

**容大合眾(廈門)科技集團股份公司**

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

**(Stock Code: 9881)**

## **FURTHER UPDATE IN RELATION TO THE CIVIL COMPLAINT**

References are made to (i) the section headed “Business – Legal and Compliance – Legal Proceedings – Civil Proceedings relating to a criminal investigation of Mr. A” in the prospectus of Rongta Technology (Xiamen) Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 May 2025 (the “**Prospectus**”) in relation to the civil proceeding incidental a criminal case lodged against the Group by a company whose trade secrets were alleged to be infringed by an individual; and (ii) the announcement (the “**Announcement**”) of the Company dated 3 July 2025 in relation to the Civil Complaint received from the Intermediate Court, which is lodged by the Plaintiff against the Group and Mr. A. Unless otherwise defined herein, capitalised terms used in this announcement have the same meanings as given to them in the Prospectus and the Announcement.

Save as the information provided in the Prospectus and the Announcement, the Company hereby issues an announcement to provide the following additional information regarding the Civil Complaint:

### **FURTHER SPECIFIC DETAILS REGARDING THE CIVIL COMPLAINT**

Under the Civil Complaint, the Plaintiff attempted to focus on the rationales and evidence to prove the Company's common intention of trade secret infringement with Mr. A. The Company has carefully reviewed the rationales and corresponding evidential documents and found that, save for the copy of the final criminal ruling against Mr. A issued by the Intermediate Court in April 2024 which the Company did not have access to given the Company was not a party to the criminal case, most of the remainder of the evidence presented to the Intermediate Court had already been exhibited in previous legal proceedings initiated by the Plaintiff. The Company has engaged PRC Litigation Legal Advisers as to the Civil Complaint to review and assess the relevance and validity of the evidence and will vigorously assert its defence.

## **DISCREPANCY BETWEEN THE CLAIMED COMPENSATION AND THE EXPECTED COMPENSATION**

As disclosed in the Announcement, the Plaintiff had sought from the Intermediate Court for an order of a compensation from the Company and Mr. A for an aggregate amount of RMB199,999,994 as damages (the “**Claimed Compensation**”). On the other hand, as disclosed in the Prospectus, based on the view of the PRC Legal Advisers as to the Dispute, the Company expected that the compensation (the “**Expected Compensation**”) in relation to the Dispute to be borne by it would likely to have three outcomes, namely: (i) RMB69.113 million (with a likelihood of 5%); (ii) RMB15.353 million (with a likelihood of 10%); or (iii) within the range between RMB5 million and RMB9.354 million (with a likelihood of 85%).

The Company would like to clarify that, there is a significant discrepancy between the Claimed Compensation and the Expected Compensation as the Claimed Compensation is only an amount that the Plaintiff is seeking from the Intermediate Court and it does not mean that the court will fully award the Claimed Compensation in favour of the Plaintiff, nor that the court or any subsequent court may rule in favour of the Plaintiff at all. The Directors are of the view that it is not uncommon in a dispute that the plaintiff would endeavor its best to claim the highest amount to the extent possible. However, the defendant would defend in accordance pursuant to circumstances and facts in relation to the Civil Complaint. Hence, the Claimed Compensation is solely based on the Plaintiff’s expectations, which is not in line with the Company’s view.

## **CALCULATION BASIS FOR THE CLAIMED COMPENSATION**

As disclosed in the Announcement, the Plaintiff had sought from the Intermediate Court for a Claimed Compensation Amount of RMB199,999,994 as damages, which comprises (i) the compensation for actual damage (the “**Alleged Actual Damages**”) times a penalty multiplier (the “**Alleged Penalty Multiplier**”); and (ii) rights protection expenses (the “**Alleged Rights Protection Expenses**”) for the alleged infringement. The calculation basis of the Claimed Compensation is set out as below:

### **(1) Calculation Basis for Alleged Actual Damages**

The Plaintiff alleged in the Civil Complaint that the aggregate amount of the Alleged Actual Damages should be RMB68,456,940.15, calculated based on the average profit per unit for the sale of the Subject Products by the Plaintiff in 2015 times the number of the Subject Products sold by the Group during the period from September 2015 to August 2020.

The amount of the Alleged Actual Damages is similar to the compensation amount of RMB69.113 million as anticipated in the Prospectus, which was calculated based on the average profit per unit of the Subject Product alleged by the Plaintiff in the Incidental Civil Action times the number of Subject Product sold by the Group during the period from September 2015 to August 2020.

According to the Prospectus, as advised by our Company’s PRC legal advisers as to the Dispute, the likelihood that liability of this compensation amount may arise against our Company is very low.

## **(2) Calculation Basis for Alleged Penalty Multiplier**

In addition to the Alleged Actual Damages as stated in paragraph (1) above, the Plaintiff alleged in the Civil Complaint that the Company should be liable for punitive compensation, amounting to 2.896555 times of the Alleged Actual Damages.

Pursuant to the Anti-Unfair Competition Law of the PRC (2019 Amendment) (《中華人民共和國反不正當競爭法》(2019修正案)) (the “**2019 Amendment**”), if the operator maliciously commits an act of infringement upon a trade secret and the circumstances are serious, the amount of compensation may be determined at not less than one but not more than five times the amount of actual damages or the benefits obtained by the infringer as a result of the infringement.

Pursuant to the First Ruling, the court had laid down that there was no evidence which suggest that the Company was aware of the action of infringement of trade secret by Mr. A and therefore there was no proof of malicious action on the part of the Company. As such, there is no legal basis that the Plaintiff had applied a penalty multiplier in its claims. The Company’s PRC legal advisers as to the Dispute concurred with the view of the court and therefore did not consider to include the penalty multiplier when assessing the Expected Compensation.

Upon receiving of the Civil Complaint, the Company engaged independent PRC litigation legal advisers to represent it in the Civil Complaint (the “**PRC Litigation Legal Advisers as to the Civil Complaint**”). Pursuant to the PRC Litigation Legal Advisers as to the Civil Complaint, the 2019 Amendment has added certain new provision relating to penalty multipliers compared to the previous version, which should not apply to trade secret infringements occurring prior to 2019. In other words, until the 2019 Amendment came into effect, the benefits gained by the infringer from the infringement or the losses caused to the infringed should not be used as the basis for the calculation of punitive damages. However, they also concur that even if the 2019 Amendment has provisions which allow the application of a penalty multiplier, such penalty multiplier should not be adopted in the present case due to the lack of malicious intent on the part of the Company.

From the Company’s point of view, as it was not aware of the malicious act of Mr. A until he was arrested in August 2020, the penalty multiplier should not be adopted when assessing the compensation.

## **(3) Calculation Basis for Alleged Rights Protection Expenses**

Under the Civil Complaint, the Plaintiff also sought compensation in an amount of RMB1,710,702 for reasonable costs and expenses incurred in halting infringing actions, including (a) legal representation fees that have been paid to legal counsels, amounting to approximately RMB90,000; and (b) legal representation fees that are expected to be further incurred, amounting to approximately RMB1,500,000.

## **THE ASSESSMENT OF THE BOARD IN RESPECT OF THE CIVIL COMPLAINT**

The Company is of the view that, based on the following, the Civil Complaint and the Claimed Compensation is unlikely to cause any material adverse impact on the Group's business, financial conditions and results of operations:

- (i) the Company and the Directors are not aware of the act of misappropriation by Mr. A at all material times until Mr. A was arrested in August 2020 as it was due to Mr. A's personal behaviour;
- (ii) the Company had promptly ceased the sale of the Subject Products since August 2020 and that Mr. A's employment with the Group was also terminated in January 2021;
- (iii) save and except the Subject Products, none of the Group's existing products have been subject to any material dispute;
- (iv) the Plaintiff had failed to assert its claims at the Retrial Ruling and the Retrial Appeal Ruling. In particular, the People's Court of Siming had previously dismissed the claim from the Plaintiff in the sum of approximately RMB350 million based on a penalty multiplier of 5 times of the profit generated from the Subject Products and a rights protection expense. The court was of the view that there was no evidence that the Company had knowledge of Mr. A's infringement action. Such view was not subsequently challenged at the Retrial Ruling and the Retrial Appeal Ruling;
- (v) the Civil Complaint was an isolated incident and the members of the Group had not been involved in any other material litigation or claims in relation to intellectual properties as at the date of this announcement;
- (vi) in the event that the losses, costs, expenses, damages, or other liabilities which the Company incurred or suffered arising out of or in connection with the Civil Complaint exceed RMB9.4 million, being the highest amount in the range of likely amount to be borne by the Company, the Controlling Shareholders will indemnify the Company for any such amount exceeding RMB9.4 million. Sufficient provision has been made in relation to the Civil Complaint in this regard; and
- (vii) despite the Asset Preservation and the Civil Complaint, the Company is under normal business operation with ties with reputable customers as at the date of this announcement.

## **LATEST DEVELOPMENT OF THE CIVIL COMPLAINT**

On 22 July 2025, the Intermediate Court had held its first hearing where the Plaintiff and the Company had preliminarily exchanged evidence and presented their respective arguments. As at the date of this announcement, the Intermediate Court did not indicate when will the next hearing be held.

The Company will make further announcement(s) regarding any material developments of the Civil Complaint as and when appropriate.

Shareholders and other investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, shareholders and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.

By Order of the Board  
**Rongta Technology (Xiamen) Group Co., Ltd.**  
**Xu Kaiming**  
*Chairman and Executive Director*

PRC, 25 July 2025

*As at the date of this announcement, the executive directors of the Company are Mr. Xu Kaiming, Mr. Xu Kaihe and Ms. Lin Yanqin, and the independent non-executive directors of the Company are Dr. Lim Kim Huat, Dr. Yu Xiaoou, and Dr. Huang Liqin.*