Application Proof of

ESWIN

Beijing ESWIN Computing Technology Co., Ltd.
北京奕斯偉計算技術股份有限公司

(the "**Company**")

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

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ESWIN

Beijing ESWIN Computing Technology Co., Ltd.
北京奕斯偉計算技術股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**RMB0.1 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors, Overall Coordinators,* [REDACTED]**

CITIC SECURITIES   中信建投國際 CHINA SECURITIES INTERNATIONAL

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The Overall Coordinators, on behalf of the [**REDACTED**], may, where considered appropriate and with the Company's consent, reduce the number of [**REDACTED**] and/or the indicative [**REDACTED**] below that which is stated in this Document (which is HK$[**REDACTED**] to HK$[**REDACTED**]) at any time on or prior to the morning of the last day for lodging [**REDACTED**] under the [**REDACTED**]. In such a case, an announcement will be published on the website of our Company at **www.eswincomputing.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the [**REDACTED**] will be canceled and relaunched at the revised number of [**REDACTED**] and/or the revised [**REDACTED**] in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [**REDACTED**] under the [**REDACTED**]. Further details are set forth in the sections headed "Structure of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this Document.

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[REDACTED]

IMPORTANT

[**REDACTED**]

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EXPECTED TIMETABLE

[**REDACTED**]

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to [**REDACTED**] *in our* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in our* [**REDACTED**] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in our H Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary" in this Document.*

OVERVIEW

We are a pioneer in driving universal intelligence transformation in the AI era. Focusing on smart device and embodied intelligence as our two core application scenarios, we are adopting next-generation RISC-V computing architecture, innovating domain-specific algorithms and IP modules, and constructing efficient and open software-hardware platforms to deliver highly competitive system-level solutions for customers worldwide.

As of December 31, 2024, we have successfully commercialized over 100 system-level solutions on smart devices and embodied intelligence, serving over 100 customers worldwide and becoming the preferred solution provider of many leading global companies. Notably, we have been dedicated to developing and promoting next generation RISC-V computing architecture. According to Frost & Sullivan, we were China's largest provider of mass-produced RISC-V powered solutions in terms of number of solutions by 2024, and China's largest domestic provider of fully customized RISC-V powered solutions in terms of related revenue in 2024.

Industry Leader(1)

China's largest provider of smart device solutions for human-machine interaction

China's largest provider of RISC-V powered fully customized solutions

China's largest number of mass-produced RISC-V powered solutions

Business Success(2)

100+ global customers

100+ commercialized solutions

Over RMB2 billion revenues

Technology Leader(2)

500+ IP modules

20+ serial RISC-V cores

1500+ patent applications

Ecosystem Leader

BOD Member of RISC-V International

Rotating Chairman of RISC-V Ecosystem & Industry Committee

Establish the RISAA Ecosystem & Technology Platform

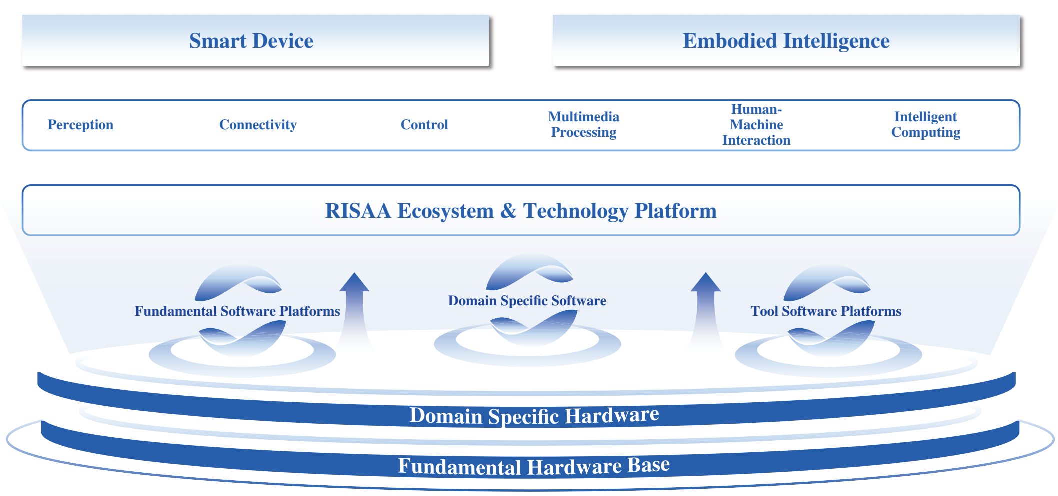
Notes:

(1) As of December 31, 2024 or for the year ended December 31, 2024, according to Frost & Sullivan.

(2) As of December 31, 2024 or for the year ended December 31, 2024.

The AI revolution is transforming industries worldwide, and the intelligence transformation is redefining innovation in the AI era at an unprecedented pace. The exponential growth of application scenarios of intelligence transformation, from smart metropolitans to compact terminals and from smart devices to embodied intelligence systems, is driving a complete overhaul of intelligent technologies. Traditional linear model of hardware-software-system evolution is not well-positioned to address the challenges in the AI evolution at architectural levels and scenario-driven differentiation at hardware levels. As a result, the traditional linear model struggles to meet the complex demands of intelligence transformation, including scenario adaptability, energy efficiency, cost efficiency and iteration speed.

Only innovators with full-stack capabilities to meet such complex demands of intelligence transformation can lead future technological evolution. As a pioneer in system-level solutions for intelligence transformation, we, utilizing the next-generation RISC-V computing architecture, have built the full-stack technological capabilities, including foundational computing architecture, processing hardware design, algorithm optimization, software development, and scenario-specific solutions. We focus on two core areas: smart devices and embodied intelligence, delivering hardware-software integrated solutions to drive the next wave of intelligence transformation.

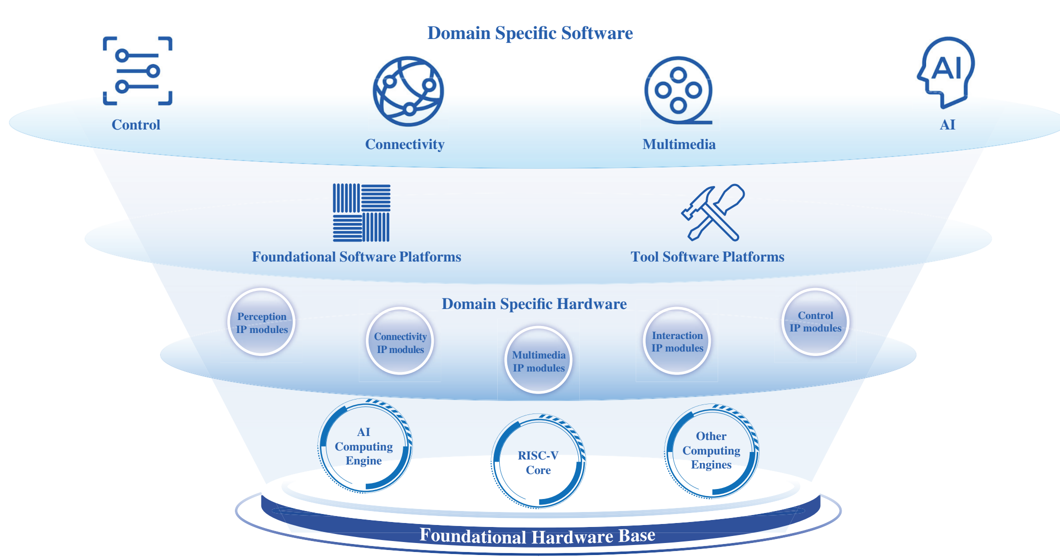


We provide smart device solutions to consumer electronics and AIoT companies, empowering smart home, office and portable scenarios with capabilities including, among others, multimedia processing, human-machine interaction and intelligent control, ultimately enhancing convenience of people in the AI era. According to Frost & Sullivan, we ranked first among all domestic providers of human-machine interaction solutions for smart devices in China in terms of revenue in 2024. For instance, two of our flagship solutions are the industry leading RISC-V powered smart monitor solution and RISC-V powered Mini-LED multimedia processing solution. Powered by our self-developed RISC-V cores, such solutions integrate high-speed data interfaces and advanced image processing capabilities. As a result, they deliver smoother, clearer, more energy-efficient and reliable visual experiences.

We provide embodied intelligence solutions to customers in automotive, robotics and industrial scenarios with capabilities of intelligent perception, connectivity, computing, and control. One of our notable solutions is the industry leading RISC-V powered intelligent computing system solution. Powered by 64-bit high performance RISC-V cores, this solution provides powerful and efficient AI processing capabilities, which can be potentially applied in many scenarios, such as, among others, machine vision, industrial inspection, and intelligence acceleration. We also launched a "camera-to-display" in-cabin visual solution for smart automotives. It provides a one-stop solution that integrates essential technologies from image capture to screen display, empowering smart cockpit with enhanced capabilities on, among others, visual perception, video connectivity, processing and control, and integrating human-machine interaction and power management.

We are driving the innovation in many of our solutions through the foundational RISC-V architecture. As a new generation of computing architecture, RISC-V builds on strengths of traditional architectures, excelling in power, function and cost efficiency. With its open, streamlined, modular, and customizable design, RISC-V is redefining computing for this new era of intelligence transformation. Leveraging these advantages, we developed our own RISC-V cores and created a comprehensive solutions line-ups covering 32-bit and 64-bit processing platforms. Following the philosophy of "scenario-defined architecture," we break the limitations of traditional hardware design and drive innovations by tailoring RISC-V cores (through RISC-V instruction set extension, microarchitecture optimizations and energy-efficiency tuning) based on application needs. As a result, we achieve precise alignment between application scenarios and foundational architecture. The ability to customize RISC-V cores is one of our core competitiveness in solutions.

Our solutions are powered by not only our self-developed foundational architectures but also an open and collaborative ecosystem. We actively integrate the technical strengths and resources of our ecosystem partners to accelerate innovation. To support this, we launched the RISAA (RISC-V + AI) ecosystem & technology platform (the "RISAA Platform"). Built on RISC-V cores and other foundational hardware, the RISAA Platform integrates our self-developed domain specific IP modules in, among others, perception, connectivity, multimedia, interaction and control. It also incorporates open software platforms tailored to diverse application scenarios and provides full-stack development tools for ecosystem participants. The ecosystem participants can choose the full stack offerings or any combination of components in the stack to form a customized solution tailored for their unique needs. As a result, this platform drives efficient collaboration among all ecosystem partners and allows any participants focused on RISC-V innovation to deeply engage with us, co-developing RISC-V related solutions.



As a solution provider, we drive innovation through a strategy of multi-product-line collaboration. We have developed and keep strengthening our philosophy of the Trilogy of Reusability — Technology, Customer, and Supply Chain — to enable agile innovation and seamless cross-solution synergy.

- On the technological side, we utilize self-developed IP modules, including RISC-V cores, to enable sharing and reusing across multiple solutions, effectively reducing R&D expenses and improving R&D efficiency.

- On the customer side, we thoroughly explore the potential needs of each customer across multiple solutions. By promoting cross-selling and scale usage of multiple solutions to the same customers, we not only reduce customer acquisition costs but also enhance customer loyalty.

- On the supply chain side, we fully integrate supplier resources and maximize supply chain synergies to secure strong support from suppliers. This strengthens our solution competitiveness, ensures reliable supply capacity, and fosters an efficient and stable supply chain ecosystem, ultimately reducing our procurement costs and achieving economies of scale.

Together, they create an efficient, robust, and scalable ecosystem that powers our sustainable growth.

Smart devices are becoming essential mediums in the AI era, redefining how humans interact with the physical world and enabling a more convenient lifestyle through intelligent perception, human-machine interaction and efficient processing. Concurrently, embodied intelligence — systems capable of understanding and deeply interacting with the physical world — is at the forefront of next generation of technological innovation, driving intelligence transformations to new dimensions and to new heights. According to Frost & Sullivan, the global smart device solution market expanded from RMB1,389.4 billion in 2020 to RMB1,493.4 billion in 2024 with a CAGR of 1.8%, and is estimated to reach RMB1,812.3 billion in 2029 with a CAGR of 3.6% from 2025 to 2029. According to Frost & Sullivan, the global embodied intelligence solution market expanded robustly from RMB84.0 billion in 2020 to RMB292.2 billion in 2024 with a CAGR of 36.6%, and is estimated to reach RMB804.3 billion in 2029 with a CAGR of 22.6% from 2025 to 2029.

According to Frost & Sullivan, RISC-V is rapidly gaining traction in the smart device and embodied intelligence solutions market. The global market for RISC-V powered solutions increased from RMB1.1 billion in 2020 to RMB56.5 billion in 2024 with a CAGR of 166.6% and is expected to reach RMB440.4 billion in 2029, with a CAGR of 38.7% from 2025 to 2029. The penetration of RISC-V powered solutions in the smart device solution market increased from 0.1% in 2020 to 1.3% in 2024 and is expected to further increase to 11.8% in 2029, and the penetration in the embodied intelligence solution market increased from 0.4% in 2020 to 6.4% in 2024, and is expected to reach 19.1% in 2029, positioning RISC-V as one of the three major computing architectures on the global scale.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors:

- Influential Smart Device and Embodied Intelligence Solution Provider with Leading Technology Capabilities and Proven Commercial Success;
- Systematic R&D Capabilities: Multi-Dimension and Full Process R&D System;
- Ecosystem Empowerment: RISAA Platform and RDI;
- Scalable Business Model: "Trilogy of Reusability" to Reduce Marginal Cost and Drive Value Creation; and
- Strategic Talent Engine: Leadership Team with Global Vision and Innovative Talent Development Plan.

For details, see "Business — Our Competitive Strengths."

OUR DEVELOPMENT STRATEGIES

We plan to execute the following strategies to drive our future growth:

- Technology-Driven Strategy: Prioritizing Technology Innovation and Strengthening System-Level Capabilities;
- "Fast, Strong and Reusable" Strategy: Shortening Response Time, Strengthening Customization Capabilities and Implementing Trilogy of Reusability to Capture Markets and Drive Scale;
- Ecosystem Collaboration Strategy: Advancing RISC-V Industry Prosperity Through the RISAA Platform and Strengthening Value Chain Competitiveness; and
- Talent Engine Strategy: Building Innovative Talent Pool with Global Vision, Creating Value for Customers.

For details, see "Business — Our Development Strategies."

OUR OFFERINGS

Sale of Solution

Smart Device Solutions

We provide smart device solutions to consumer electronics and AIoT companies, empowering smart home, office and portable scenarios with capabilities including, among others, perception, multimedia processing, human-machine interaction and intelligent control. Our smart device solutions enable devices to perceive, process and transmit on information about the environment and surrounding conditions intelligently. Our smart device solutions integrate, among others, (i) our RISC-V cores, if required, that allow for advanced, energy-efficient, scalable and customizable processing capabilities for a variety of specialized devices, (ii) advanced processing hardware to handle complex algorithms and processing tasks and (iii) software that enables processing hardware to operate efficiently and perform designated tasks, realize customized functions and connect to other devices and surroundings seamlessly.

Embodied Intelligence Solutions

We provide embodied intelligence solutions to customers in automotive, robotics and industrial scenarios with capabilities of intelligent perception, connectivity, computing, and control. Embodied intelligence solutions equip machines and systems with the ability to perceive, process, and respond intelligently to their environment in real time. Our embodied intelligence solutions integrate, among others, a series of proprietary IP modules (including RISC-V cores), processing hardware equipped with advanced processing capabilities, and comprehensive software portfolio to allow intelligent agents to better interact with physical environment.

Revenue Model

We generate revenue from the sales and delivery of our smart device and embodied intelligence solutions to customers, which combine proprietary IP modules (including our RISC-V cores, if applicable), self-developed processing hardware and software. The price depends on, among others, desired function and components, the complexity, type, level of customization and nature of our solutions, as well as overall market conditions and competitive landscape. Within our portfolio, we allow our customers to choose any solution or any combination of components in our whole stack offerings from IP modules (including our RISC-V cores), hardware, software and the whole solutions.

License and Service

During the Track Record Period, we generate a portion of revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own processing hardware tailored for their own products or (ii) providing technical services to our customers for a fee, helping our customers achieve specific functions relating to their own products. We typically charge licensing fees based on the complexity, advancement and variety of IP modules involved. Our service fees are generally set with reference to duration, complexity of work, functions developed and expertise and number of engineers involved.

CUSTOMERS AND SUPPLIERS

Our customers mainly include AIoT, consumer electronics and technology companies seeking innovative and reliable solutions to enable their devices to better interact with environments and perform more advanced tasks. Additionally, our customers also include distributors who procure our solutions and resell to businesses in need of our smart device and embodied intelligence solutions. In 2022, 2023 and 2024, the aggregate revenues generated from our five largest customers were RMB1,774.7 million, RMB1,588.7 million and RMB1,792.2 million, representing 88.7%, 90.7% and 88.5% of our revenue, respectively, during each year of the Track Record Period. Revenues generated from our largest customer in the same year during the Track Record Period were RMB1,577.9 million, RMB1,437.9 million and RMB1,555.2 million, representing 78.9%, 82.1% and 76.8% of our revenues, respectively. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were Independent Third Parties. To the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Our suppliers mainly include manufacturers and assembly and testing service providers. In 2022, 2023 and 2024, the aggregate purchase amounts from our five largest suppliers were RMB1,101.4 million, RMB955.2 million and RMB943.8 million, representing 47.2%, 44.5% and 44.5% of our total purchase amounts, respectively. The purchase amounts from our largest supplier in the same years were RMB359.6 million, RMB266.4 million and RMB291.4 million, representing 15.4%, 12.4% and 13.7% of our total purchase amounts, respectively, in 2022, 2023 and 2024. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest suppliers were Independent Third Parties. A subsidiary of ESWIN Group indirectly owns less than 1% of one of our five largest suppliers during the Track Record Period. For details, see "Business — Our Suppliers — Top Five Suppliers." Save as aforementioned, to the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

OUR RELATIONSHIP WITH CUSTOMER A

Customer A is an A-Share listed leading IoT provider of intelligent interface products and professional services. Customer A purchases our solutions, integrates them into their own solutions, and subsequently sells the final products to end customers. Under our collaboration model with Customer A, while Customer A integrates our solutions into its final product, we maintain close interaction with ultimate clients by negotiating with them closely on, among others, solution design, development, promotion and delivery. This collaborative model enables us to deepen our collaboration with Customer A while gaining know-hows on demands of ultimate clients, enhancing our industry recognition. During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Customer A and there was no material interruption or dispute in respect of our cooperation with Customer A.

In 2022, 2023 and 2024, Customer A was our largest customer in each year during the Track Record Period. Revenues generated from Customer A amounted to RMB1,577.9 million, RMB1,437.9 million and RMB1,555.2 million, representing 78.9%, 82.1% and 76.8% of our revenues in 2022, 2023 and 2024, respectively. Given the high revenue concentration on Customer A, any decision by Customer A to reduce or terminate its cooperation with us could materially and adversely affect our business, financial condition, and results of operations. See "Risk Factors — Risks Related to Our Business and Industry — A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues."

Our Directors are of the view that our Group's business model is sustainable despite our customer concentration. In particular, our Directors believe that the risk of Customer A significantly reducing or terminating its cooperation with us is relatively low.

First, we have a mutually beneficial relationship with Customer A. We have maintained a close and stable partnership with Customer A with no material interruptions or disputes during the Track Record Period and up to the Latest Practicable Date. Leveraging years of strong and stable relationship and deep insights over Customer A's needs, we are the strategic domestic smart device and embodied intelligence solutions provider who is capable of providing comprehensive and cost-effective offerings at scale to address Customer A's advanced needs for intelligent interface technology. Even if alternative options emerge in the future, the switching costs associated with transitioning to a new domestic supplier would remain high for Customer A. Should other domestic suppliers became capable of providing similar solutions in the coming years, Customer A would still need to invest significant time, resources, and effort into developing compatibility with the new offerings.

Second, we have been actively diversifying our customer base to mitigate risks associated with customer concentration. Leveraging our technological capabilities and industry experience, we have secured new partnerships with other companies in the intelligent interface industries, which we believe will contribute to our future growth and reduce our reliance on Customer A over time. We are also diversifying smart device solution portfolio addressing needs of customers who are seasoned in industries different from that of Customer A. To diversify beyond smart device solutions, we have proactively expanded our offerings of embodied intelligence solutions, serving customers in automotive, robotics and industrial scenarios. As a result of this diversification, moving forward, our percentage revenue contribution from Customer A is expected to decrease.

For details, see "Business — Our Customers — Our Relationship With Customer A."

OUR SINGLE LARGEST SHAREHOLDERS

Upon the [**REDACTED**], the group of our Single Largest Shareholders will include ESWIN Group, Yili Technology, Yixiang Technology, Yiming Technology, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan (楊新元), and Mr. Liu Huanping (劉還平). Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and upon the [**REDACTED**], they will collectively control [**REDACTED**] of our total issued share capital.

ESWIN Group directly holds 17.74% of our total issued share capital as of the date of this Document. ESWIN Group also manages, as a general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital as of the Latest Practicable Date, respectively.

ESWIN Group is held by Yiming Technology, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping as to 52.4003%, 7.2057%, 4.3234% and 3.9908%, respectively. Yiming Technology is held by Mr. Wang as to 63% as its general partner and other nine individuals as its limited partners. None of the limited partners are interested in Yiming Technology as to more than 10%. Mr. Mi Peng is our executive Director, chairman of the Board and chief executive officer. Pursuant to an agreement entered into between Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping in May 2025, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping are acting in concert with respect to all matters in the board meeting and general meeting of ESWIN Group.

For details of other shareholders of ESWIN Group, please refer to the section headed "Relationship with the Single Largest Shareholders — Our Single Largest Shareholders".

[**REDACTED**] INVESTMENTS

We have undertaken several rounds of [**REDACTED**] Investments. For details of the background of our major [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Development and Corporate Structure — [**REDACTED**] Investments."

[REDACTED]

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Revenue	**1,999,718**	**1,752,185**	**2,025,379**
Cost of sales	(1,481,337)	(1,481,957)	(1,667,839)
Gross profit	**518,381**	**270,228**	**357,540**
Selling and distribution expenses	(198,499)	(166,952)	(143,956)
Administrative expenses	(467,668)	(552,903)	(501,551)
Research and development expenses	(1,440,202)	(1,444,738)	(1,336,952)
Other net income	186,534	147,156	178,022
Impairment losses under expected credit loss model, net of reversal	(3,236)	(804)	(2,455)
Impairment loss on goodwill	(23,009)	(72,089)	(56,571)
Impairment loss on property, plant and equipment	–	(3,578)	(21,977)
Loss from operations	**(1,427,699)**	**(1,823,680)**	**(1,527,900)**
Finance costs	(20,464)	(22,596)	(19,508)
Change in carrying amount of redemption liabilities	(124,228)	–	–
Share of profits less losses of associates	(1,065)	5,572	(415)
Loss before taxation	**(1,573,456)**	**(1,840,704)**	**(1,547,823)**
Income tax credit	3,180	3,240	468
Loss for the year	**(1,570,276)**	**(1,837,464)**	**(1,547,355)**

Non-IFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS Accounting Standards, we use adjusted net loss (Non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards, to evaluate our company. See "Financial Information — Non-IFRS Measure" for details. We define adjusted net loss (Non-IFRS measure) as loss for the years adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, and (ii) change in carrying amount of redemption reliabilities, which is a non-cash item. We believe that the Non-IFRS measure facilitates the comparisons of operating performance and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of the Non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of the Non-IFRS measure has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles the Non-IFRS measure for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Loss for the year	(1,570,276)	(1,837,464)	(1,547,355)
Add back:			
Equity-settled share-based payment expenses[1]	183,064	132,781	107,362
Change in carrying amount of redemption liabilities[2]	124,228	–	–
Adjusted net loss (Non-IFRS measure)	**(1,262,984)**	**(1,704,683)**	**(1,439,993)**

Notes:

(1) Equity-settled share-based payment expenses relate to share awards we offered to our employees and directors.

(2) Change in carrying amount of redemption liabilities arises primarily from an increase in the redemption amount of the shares with preferential rights held by certain [**REDACTED**], which was terminated in 2022. Hence, the redemption liabilities were reclassified to equity thereafter.

The following table sets forth a breakdown of our revenue by type during the years indicated, both in absolute amounts and as percentages of total revenue.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Sale of solutions						
Smart device solutions	1,760,989	88.1	1,635,553	93.3	1,791,636	88.5
Embodied intelligence solutions	193,795	9.7	65,858	3.8	188,698	9.3
Sub-total	1,954,784	97.8	1,701,411	97.1	1,980,334	97.8
License and services	44,934	2.2	50,774	2.9	45,045	2.2
Total Revenue	**1,999,718**	**100.0**	**1,752,185**	**100.0**	**2,025,379**	**100.0**

Our revenue is primarily derived from sale of solutions. During the Track Record Period, revenue generated from sale of solutions amounted to RMB1,954.8 million, RMB1,701.4 million and RMB1,980.3 million in 2022, 2023 and 2024, respectively, accounting for 97.8%, 97.1% and 97.8% of our total revenue for the same years, respectively. The fluctuations of our revenue from sale of solutions were attributable to the combined effect of (i) our price-for-volume market strategy to gain more market share driven by macroeconomic factors and dynamic market conditions and (ii) the development cycle and launch time of our various newly mass-produced solutions. For details, see "Financial Information — Discussion of Results of Operations."

In 2022, 2023 and 2024, our cost of sales was RMB1,481.3 million, RMB1,482.0 million and RMB1,667.8 million, respectively. Our cost of sales was generally in line with our revenue growth, except for an increase in cost of sales in 2023 attributable to longer turnovers of inventories that lead to a one-off increase in write-down of inventories. Our cost of sales related to sale of solutions amounted to RMB1,476.1 million, RMB1,475.0 million and RMB1,653.8 million in 2022, 2023 and 2024, respectively, accounting for 99.6%, 99.5% and 99.2% of our total cost of sales for the same years, respectively. In terms of cost of sales by nature, material costs were our largest cost component. Our material costs as a percentage of total cost of sales decreased from 86.3% in 2022 to 76.4% in 2023, and increased to 77.5% in 2024.

Our gross profit was RMB518.4 million, RMB270.2 million and RMB357.5 million in 2022, 2023 and 2024, respectively. Our gross profit margin was 25.9%, 15.4% and 17.7% in 2022, 2023 and 2024, respectively. The fluctuations in our gross profit and gross profit margin were primarily attributable to (i) our price-for-volume market strategy to gain more market share in light of fluctuating market conditions in 2023 and 2024; (ii) the increase of one-off write-down of inventory for embodied intelligence solution related to certain earlier generation of intelligent connectivity function due to its accumulation and extended inventory turnover days driven by macroeconomic factors and weaker demand during the Track Record Period, particularly in 2023; (iii) the market rebound and evolving macroeconomic conditions in 2024; and (iv) the optimization of our solution portfolio in 2023 and 2024.

For details, see "Financial Information — Discussion of Results of Operations."

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	2,206,858	2,346,753	1,766,347
Total current assets	2,953,410	4,005,674	3,098,046
Total assets	**5,160,268**	**6,352,427**	**4,864,393**
Total non-current liabilities	394,862	413,543	395,706
Total current liabilities	1,018,991	869,718	841,458
Total liabilities	**1,413,853**	**1,283,261**	**1,237,164**
Net current assets	**1,934,419**	**3,135,956**	**2,256,588**
Net assets	**3,746,415**	**5,069,166**	**3,627,229**

We recorded net current assets of RMB1,934.4 million, RMB3,136.0 million and RMB2,256.6 million as of December 31, 2022, 2023 and 2024, respectively. Our net current assets increased in 2023, primarily attributable to an increase in financial assets measured at FVPL and an increase in time deposits with banks, resulting from the closing of financing that leads to an increase in amount of financial resources to be invested as wealth management products and time deposits for cash management purposes. Our net current assets decreased in 2024, primarily attributable to a decrease in financial assets measured at FVPL and a decrease in time deposits with banks, mainly due to disposal of wealth management products and time deposits for cash and cash equivalents to support ordinary business operations.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth our cash flows for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(1,431,039)	(1,250,818)	(780,654)
Net cash (used in)/generated from investing activities	(516,232)	(1,891,820)	1,612,268
Net cash (used in)/generated from financing activities	(704)	2,960,127	(63,163)
Net (decrease)/increase in cash and cash equivalents	(1,947,975)	(182,511)	768,451
Cash and cash equivalents at the beginning of the year	2,877,359	981,766	808,060
Effects of exchange rate changes on the balance of cash held in foreign currencies	52,382	8,805	11,228
Cash and cash equivalents at the end of the year	**981,766**	**808,060**	**1,587,739**

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated.

	For the Year Ended/As of December 31,		
	2022	2023	2024
Gross profit margin[(1)]	25.9%	15.4%	17.7%
Debt to assets ratio[(2)]	0.3	0.2	0.3
Current ratio[(3)]	2.9	4.6	3.7
Quick ratio[(4)]	2.5	4.2	3.2

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenue for the year and multiplied by 100%.

(2) Debt to assets ratio equals total liabilities divided by total assets.

(3) Current ratio equals current assets divided by current liabilities.

(4) Quick ratio equals current assets excluding inventories divided by current liabilities.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We had achieved sustained business growth but were loss-making during the Track Record Period. In 2022, 2023 and 2024, we incurred losses for the year of RMB1,570.3 million, RMB1,837.5 million and RMB1,547.4 million, respectively, and adjusted net loss (Non-IFRS measure) of RMB1,263.0 million, RMB1,704.7 million and RMB1,440.0 million, respectively. As a key player in the smart device and embodied intelligence solution industries, our growth trajectory aligns closely with the industries' overall technological advancements and market expansion. However, the smart device and embodied intelligence solution industries are characterized by significant upfront investments and long product development cycles, which posed challenges to achieving profitability during our early years of operation. We incurred net losses during the Track Record Period, primarily attributable to the following reasons: (i) substantial upfront investment in research and development required; (ii) economies of scale are still materializing; (iii) financial performance fluctuations influenced by market dynamics; and (iv) changes in cost of sales and operating expenses. For more details, see "Financial Information — Business Sustainability and Path to Profitability — Reasons for Historical Loss."

We are strategically navigating the path to profitability by leveraging a comprehensive approach aimed at expanding revenue scale, improving sustainable margin profiles, and optimizing operational efficiency.

Expanding Our Revenue Scale

During the Track Record Period, our revenue amounted to RMB1,999.7 million, RMB1,752.2 million and RMB2,025.4 million in 2022, 2023 and 2024, respectively. We expect that our revenue will grow further due to the following factors: (i) deepening relationship with existing customers and further expanding customer base, which will be achieved through introducing different or new solutions to our loyal customer base, as well as penetrating new markets and industries facilitated by our ability to adapt our offerings to meet the specific needs of new customers; (ii) expanding and diversifying our solution offerings, which will be realized by advancing research and development to enhance the capabilities of our system level solutions to provide more diverse solution portfolio; and (iii) leveraging industry tailwind and ecosystem synergies, which will be realized alongside the rapid growth of the AI smart devices and embodied intelligence, combined with the flourishing RISC-V ecosystem and increasing demand of downstream applications.

Improving Our Gross Margin Profile

Our future profitability depends on our ability to increase the current level of margin profile and introduce new solutions with high margin profile. Specifically, we expect to increase our gross margin profile by implementing the following: (i) optimizing cost of sales and realizing economies of scale, which will be realized through technology reuse leveraging our seasoned R&D team and supply chain optimization by collaborating closely with suppliers to secure cost-effective raw materials without compromising quality; and (ii) business mix optimization, which will be realized through increasing the proportion of high-margin, high-value-added products.

Optimizing Operating Expenses

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, administrative expenses and selling and marketing expenses, to develop, manage and promote our system level solutions. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth.

Based on the foregoing, our Directors believe that our business is sustainable. For more details, see also "Financial Information — Business Sustainability and Path to Profitability."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this Document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks we face include:

- A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues.

- We operate in a competitive market subject to an evolving landscape. Our business is characterized by rapid changes as well as new technologies. If we fail to meet evolving customer needs or the pace of industry innovation by improving our existing solutions and introducing new solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

- Demand for our solutions primarily depends on trends in the smart device and embodied intelligence solution industries and the demand for the products and/or solutions of our customers and our customers' customers.

- We may not be able to successfully expand our market share given the intense competition, and even if we can, an expansion of market share may not lead to profitability.

- Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and solution development processes and to penetrate new markets.

- We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected.

- The interruption of services from third-party partners may expose us to supply chain risk that could harm our business. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business relationship with us.

- We depend on a limited number of third-party business partners for certain essential materials, equipment and services.

- We have incurred net losses and net operating cash outflows throughout the Track Record Period, and we may continue to incur net losses and net operating cash outflows in the near future.

- We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

- We may fail to maintain and predict inventory levels in line with demand for our solutions, which could cause us to face the risk of obsolescence or supply shortage for our inventories.

DISTRIBUTION

We have developed a network of distribution partners, allowing us to constantly expand our customer outreach. In 2022, 2023 and 2024, revenue from our distribution channels accounted for 8.5%, 8.8% and 8.4%, respectively, of our total revenue. As of December 31, 2022, 2023 and 2024, we had 18, 20 and 25 distribution partners serving both domestic and international markets. The increase in the number of our distribution partners was driven by our strategic decision to target customers in certain emerging markets. Rising demand from customers in sectors like smart devices and embodied intelligence has created significant opportunities. To capitalize on this growth, we partnered with selected groups of distribution partners with regional and industrial influence to effectively penetrate into such markets. This approach ensures precise market coverage and allows us to meet the specific needs of customers in fast-growing sectors.

For details, see "Business — Sales and Marketing."

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Document:

- cash and cash equivalents;
- available equity financing and bank facilities; and
- the estimated [**REDACTED**] from the [**REDACTED**].

[**REDACTED**]

DIVIDENDS

No dividend has been declared or paid by us. The declaration and payment of any dividends in the future will be determined by our Board or shareholders' meeting subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Distributable profits are our after-tax profits less any recovery of accumulated losses and appropriations to statutory that we are required to make.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Our Directors are of the view, after consulting our PRC Legal Adviser, that the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and [**REDACTED**] payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the midpoint of the indicative [**REDACTED**] stated in this Document.

In line with our strategies, we intend to use the [**REDACTED**] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to strengthen our smart device and embodied intelligence solutions by developing new and/or iterating existing (i) smart device solutions on smart home, office and portable scenarios and (ii) embodied intelligence solutions on automotive, robotics and industrial scenarios;

- Approximately [**REDACTED**] of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to enhance the capabilities of our hardware-software integrated platform and improve our open, flexible and interoperable research and development system through investing in (i) the foundational hardware capabilities as well as domain-specific hardware IP modules of the RISAA Platform and (ii) foundational software, toolchain software and domain-specific software of the RISAA Platform;

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for potential strategic mergers and acquisitions to expand our technological capabilities and solution portfolio, thereby strengthening our global competitiveness;

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to establish and expand our marketing network, further promoting the construction of the RISC-V ecosystem;

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and general corporate purpose.

For details, please see "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

The total [**REDACTED**] payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), accounting for approximately [**REDACTED**] of [**REDACTED**] of the [**REDACTED**]. Among such estimated total [**REDACTED**], (i) [**REDACTED**], including [**REDACTED**], are expected to be approximately HK$[**REDACTED**], and (ii) [**REDACTED**] of approximately HK$[**REDACTED**], comprising (a) fees and expenses of legal advisers and reporting accountants of approximately HK$[**REDACTED**] and (b) other fees and expenses of approximately HK$[**REDACTED**].

Among the total [**REDACTED**] payable of HK$[**REDACTED**], HK$[**REDACTED**] is expected to be expensed through profit or loss and the remaining amount of HK$[**REDACTED**] is directly attributable to the issue of shares and to be deducted from equity. As of December 31, 2024, we incurred [**REDACTED**] of nil through profit or loss and expected HK$[**REDACTED**] to be charged to profit or loss after the Track Record Period.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial, operational or trading position since December 31, 2024, being the date on which the latest consolidated financial information of our Group was prepared in Appendix I to this Document, and there had been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

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

"Accountants' Report"	the accountants' report of our Company prepared by KPMG, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended from time to time, which shall become effective upon the [**REDACTED**], a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate

[**REDACTED**]

"China", "mainland China", or "PRC"	the People's Republic of China, which, for the purposes of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Beijing ESWIN Computing Technology Co., Ltd. (北京奕斯偉計算技術股份有限公司), formerly known as Beijing ESWIN Computing Technology Limited. (北京奕斯偉計算技術有限公司), a limited liability company established in the PRC on September 24, 2019 and converted into a joint stock company with limited liability on June 27, 2022
"Compliance Adviser"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company

"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"ESWIN Beijing System"	Beijing ESWIN System Technology Co., Ltd. (北京奕斯偉系統科技有限公司), a limited liability company established under the laws of the PRC on December 14, 2022, and a wholly-owned subsidiary of the Company
"ESWIN Group"	Beijing ESWIN Technology Group Co., Ltd. (北京奕斯偉科技集團有限公司), previously known as Beijing Yicheng Technology Co., Ltd. (北京奕成科技有限公司) and Beijing Yisi Zhiyuan Technology Co., Ltd. (北京奕思致遠科技有限公司), a limited liability company established under the laws of the PRC on March 21, 2016, and one of our Single Largest Shareholders
"ESWIN Haining"	Haining ESWIN Computing Technology Co., Ltd. (海寧奕斯偉計算技術有限公司), previously known as Haining ESWIN Integrated Circuit Design Co., Ltd. (海寧奕斯偉集成電路設計有限公司), a limited liability company established under the laws of the PRC on June 26, 2019, and a wholly-owned subsidiary of the Company
"ESWIN Hefei"	Hefei ESWIN Computing Technology Co., Ltd. (合肥奕斯偉計算技術有限公司), previously known as Hefei ESWIN Technology Co., Ltd. (合肥奕思偉科技有限公司) and Hefei ESWIN Integrated Circuit Co., Ltd. (合肥奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on August 10, 2016, and a wholly-owned subsidiary of the Company
"ESWIN Nanjing"	Nanjing ESWIN Computing Technology Co., Ltd. (南京奕斯偉計算技術有限公司), previously known as Nanjing ESWIN Integrated Circuit Co., Ltd. (南京奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on November 1, 2021, and a wholly-owned subsidiary of the Company
"ESWIN Xi'an"	Xi'an ESWIN Computing Technology Co., Ltd. (西安奕斯偉計算技術有限公司), previously known as Xi'an ESWIN Integrated Circuit Co., Ltd. (西安奕斯偉集成電路有限公司), a limited liability company established under the laws of the PRC on August 31, 2021, and a wholly-owned subsidiary of the Company

[**REDACTED**]

"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purposes of this Document
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[**REDACTED**]

"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"H Share(s)"	[**REDACTED**] ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each, which are to be subscribed for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"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
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRS Accounting Standards"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

DEFINITIONS

"Joint Sponsors" and "Sponsor-Overall Coordinators"	the joint sponsors and sponsor-overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this Document
"KPI"	key performance indicator
"Latest Practicable Date"	May 28, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. Wang Dongsheng (王東升), our executive Director and one of our Single Largest Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overall Coordinator(s)"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this Document
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023 and related implementation guidelines
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"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
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Adviser"	Jingtian & Gongcheng, the PRC legal adviser to our Company in connection with the [**REDACTED**]
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Predecessor Company"	Beijing ESWIN Technology Limited (北京奕斯偉科技有限公司), formerly known as Beijing ESWIN Material Technology Limited (北京奕斯偉材料技術有限公司), Xi'an ESWIN Material Technology Limited (西安奕斯偉材料科技有限公司) and Xi'an ESWIN Material Technology Company Limited (西安奕斯偉材料科技股份有限公司), the entity operating our businesses before the establishment of our Company
"[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the [**REDACTED**] prior to the [**REDACTED**], the details of which are set out in "History, Development and Corporate Structure" in this Document
"[**REDACTED**] Investor(s)"	the investor(s) making investments in our Company prior to the [**REDACTED**] as set out in "History, Development and Corporate Structure" in this Document

[**REDACTED**]

[**REDACTED**]

"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB0.1 each, including H Shares and Unlisted Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Share Subdivision"	the subdivision of our Company's registered Shares with nominal value of RMB1 each into 10 Shares with nominal value of RMB0.1 each, which is approved on May 16, 2025 and effective upon completion of the [**REDACTED**]
"Single Largest Shareholders"	Refer to Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, Mr. Liu Huanping, and ESWIN Group, Yili Technology, Yixiang Technology and Yiming Technology

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the committee of the Supervisors
"Track Record Period"	the period comprising the three financial years ended December 31, 2022, 2023 and 2024
"Transa Guangzhou"	Guangzhou Transa Semi Information Technology Co., Ltd. (廣州全盛威信息技術有限公司), a limited liability company established under the laws of the PRC on July 3, 2017, and a wholly-owned subsidiary of the Company
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"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

"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange, and each share will be split into ten shares of RMB0.10 each immediately upon [**REDACTED**]
"VAT"	value-added tax

[**REDACTED**]

"Yili Technology"	Beijing Yili Technology Partnership Enterprise (L.P.) (北京奕理科技合夥企業(有限合夥)), a limited partnership established in the PRC on October 29, 2019 and one of our Single Largest Shareholders
"Yiming Technology"	Beijing Yiming Technology Partnership Enterprise (L.P.) (北京奕明科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 11, 2021 and one of our Single Largest Shareholders
"Yixiang Technology"	Beijing Yixiang Technology Partnership Enterprise (L.P.) (北京奕想科技合夥企業(有限合夥)), a limited partnership established in the PRC on June 10, 2021 and one of our Single Largest Shareholders
"%"	per cent

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similarly terms adopted by other companies.

"AI"	artificial intelligence
"AIoT"	artificial intelligence of things, a combination of AI and IoT
"ARM"	advanced RISC machines, a computing architectures based on RISC principles
"ASIL"	automotive safety integrity level, a risk classification system that defines how critical a component is to the safety of the vehicle
"BLE"	bluetooth low energy
"DP"	display port, a digital display interface primarily used to connect a video source to a display, supporting high resolutions and refresh rates
"EDA"	electronic design automation, the software tools used for designing electronic systems
"HDMI"	high definition multimedia interface, a digital interface for transmitting high-definition video and audio between devices
"HDR"	high dynamic range
"Hz"	unit of frequency
"IoT"	Internet of Things
"IP module"	intellectual property module, which, for the purpose of this Document when discussing the IP modules of our Company, refers to pre-designed, pre-verified and reusable functional blocks used for processing hardware design and software development
"ISA"	instruction set architecture that generally defines how software controls the processing hardware

"LCD"	liquid crystal display
"LED"	light emitting diode
"LLM"	large language model
"OCR"	optical character recognition
"OFDMA"	orthogonal frequency division multiple access, a digital modulation scheme used in wireless communication systems to allow multiple users to transmit simultaneously on different frequency subcarriers
"OSD"	on-screen display
"power density"	the amount of power processed per unit volume or unit area
"PQ"	picture quality
"RDI"	RISC-V Digital Infrastructure
"RF", or "Radio Frequence"	the range of electromagnetic frequencies used for transmitting data through radio waves
"RISAA"	an ecosystem & technology platform that is based on RISC-V computing architecture with AI technology
"RISC"	Reduced Instruction Set Computing, is a type of computer architecture that utilizes a small, highly optimized set of instructions
"RISC-V"	the fifth generation Reduced Instruction Set Computing (RISC) architecture that is an open, flexible, efficient and innovative general instruction set architecture
"RISC-V powered solution"	solutions that adopt RISC-V architecture as the host processor
"R&D"	research and development
"SDKs"	software development kits
"sq.m."	square meter(s)

"TWT"	target wake time, a power-saving feature in WiFi that schedules specific waking-up time for devices and reduce energy consumption
"x86"	a family of computing architectures used in computer processors that originally came from the Intel 8086 microprocessor

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;

- change or volatility in interest rates, foreign exchange rates, equity prices, [**REDACTED**] volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and

- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors".

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.*

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this Document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to our financial prospects; (iii) risks related to conducting business in jurisdictions where we operate; and (iv) risks related to the [**REDACTED**]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also have a material adverse effect on our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues.

We have been largely dependent on a small number of customers for a substantial portion of our business. In particular, we rely substantially on a single customer, Customer A, an A-Share listed leading IoT provider of intelligent interface products and professional services. Revenue generated from our largest customer in 2022, 2023 and 2024 accounted for 78.9%, 82.1% and 76.8% of our total revenue in each year during those respective years. In addition, revenue generated from our five largest customers in 2022, 2023 and 2024 accounted for 88.7%, 90.7% and 88.5% of our total revenue in each year during those respective years. If any of our major customers, especially our largest customer, scale back or terminate their business relationships with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be materially and adversely affected. For details, see "Business — Our Customers — Top Five Customers." Although we have entered into framework procurement agreements with many of our customers, such agreements typically do not obligate them to purchase our solutions in any certain quantity. There still exists a risk that any loss of sales from our current customers could adversely affect our revenue in the future. Our customers or strategic partners may also delay their R&D plans, and may decide to postpone their manufacturing and sales plans of their new products incorporated with our solutions. Such delays could lead to postponed or even eliminated demands for our solutions. In the future, these customers may decide to purchase fewer solutions than they did in the past, not to incorporate our solutions into their business, delay their purchases of our solutions, purchase solutions from our competitors, or to alter their purchasing patterns in some other way.

We expect that we will continue to depend upon a relatively limited number of customers for a majority of our revenues. We cannot assure you that our revenues generated from these customers, individually or in the aggregate, will reach or exceed historical levels in any future period. Loss or cancellation of business from significant changes in scheduled deliveries to, or decreases in the prices of solutions sold to, any of these customers could significantly reduce our operating revenues.

Our business could also be adversely affected if our customers are not able to settle accounts regularly or make payments on schedule. One or more of our major customers may be unable to pay our invoices as they become due, or may simply refuse to make such payments if they experience financial difficulties or for other reasons. If our customers face financial difficulties, they may also cancel current or future product programs that could materially and adversely impact our sales and results of operations. If a major customer were to enter into bankruptcy proceedings or similar proceedings whereby contractual commitments are subject to a stay of execution and the possibility of legal or other modification, we could be forced to record a substantial loss. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of certain of our customers to make required payments. In the future, we may have to record additional provisions or write-offs and/or defer revenue on certain sales transactions, which could negatively impact our financial results, and we may not be able to acquire credit insurance on the credit we extend to these customers or in amounts that we deem sufficient. Thus, as we generate a significant share of our revenue from a limited number of customers, any loss or fluctuation in their business may adversely affect our results of operations and financial condition.

We operate in a competitive market subject to an evolving landscape. Our business is characterized by rapid changes as well as new technologies. If we fail to meet evolving customer needs or the pace of industry innovation by improving our existing solutions and introducing new solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

We primarily compete in the smart device and embodied intelligence solutions market in mainland China and globally, which are characterized by high competition and constant changes, including rapid technological evolution, frequent introductions of new solutions, continual shifts in customer demands, imposition of new tariffs or adjustments in existing tariffs or trade barriers and periodic emergence of new industry and regulatory standards and practices. The competitive landscape of these markets is subject to ongoing evolution as it is heavily affected by the general economic, political, regulatory and social conditions of such market and the competitive advancements in technology. Despite high barriers to entry, there will be evolving uncertainties over the competitive nature of these markets as new entrants may establish themselves.

We also face fierce competition from other technologically sophisticated x86 and ARM architecture providers and other RISC-V architecture providers whose activities directly affect and shape the pace of competition. Therefore, it is essential for us to maintain a leading position in technology to adapt to and lead the changes in the industry landscape. This represents both indirect competition and an opportunity for us, as we can provide the technological foundation to empower these players. However, we cannot assure you that we can maintain the leading position in the market we operate.

Factors affecting competition include, among others, processing capabilities, technological innovation, product quality and safety, product pricing, sales efficiency, consumer experience, branding and imposition of new tariffs or adjustments in existing tariffs or trade barriers. Increasing competition may lead to, among other things, decreased pricing on our solutions. Our future success will depend on our ability to develop superior solutions and to maintain our leading competitive position with respect to our technological advances over our existing and any new competitors. Although we believe that we are one of a few providers of RISC-V powered solutions with unique software and hardware integrating capabilities that are essential to compete effectively in the smart device and embodied intelligence solution industry, there are significant challenges to stay competitive and we face competition from other competitors, some of which have greater resources than we do.

The market opportunities, such as RISC-V, that we are pursuing are at an early stage of development, and it is difficult to predict customer demand or penetration rates for our solutions. Our technology requires significant investment and considerable time-to-market, and may not be commercially successful on a large scale in the short term, or at all. Although we have managed to accumulate demand and recognition for our solutions to a certain degree due to our investment in research and development, our future growth depends in part on development and launch time of our solutions and various industries' acceptance of our technology. Our business is characterized by rapid changes as well as new technologies. Competitors might introduce innovative solutions or adopt new technologies that could further increase competition. The rapid pace of technological innovation poses a significant risk to our business. As new technologies continue to emerge, they have the potential to reshape customer behaviors and preferences. This evolution may render our existing technology solutions obsolete, potentially diminishing our competitive edge. If we fail to adapt to these changes or invest in the necessary research and development to keep up with industry advancements, we may lose market share and face challenges in meeting customer expectations. Consequently, our financial performance and growth prospects could be adversely affected.

Our business and future operating results will depend on our ability to upgrade smart device and embodied intelligence solutions and underlying technologies, and introduce new ones that incorporate the latest technological advancements to satisfy evolving demands, including customer, regulatory, and safety requirements. Our success will depend, in part, on our ability to respond to these changes and invest in research and technology accordingly in a cost-effective and timely manner. We need to develop expertise across different industry sectors and constantly anticipate the emergence of new technologies and assess their market acceptance.

We must continue to track and forecast customer demand in smart device and embodied intelligence solutions in order to design and develop technologies that can meet customer needs. We must continuously refine our technologies underlying our solutions, which include, namely, IP modules (including RISC-V cores), processing hardware, software and other tools to provide our customers with effective and flexible solutions. If our solutions do not meet the evolving and increasing level of demands from our customers, our customers may not incorporate our solutions into their own products, which will reduce the demands for our solutions unless we invest additional resources to cater to such customers' specific demands. To this end, we must cooperate effectively on new designs with our customers, respond effectively to technological changes or product announcements by our competitors, develop and deliver next-generation solutions, and adjust to changing market conditions and regulatory standards quickly and cost-effectively. We must continue to make considerable investments in research and development, which may take several years to ramp up, if at all, while improving our business capabilities in areas such as intellectual property, licensing, and customer service. We cannot assure you that our strategic direction will result in innovative solutions that provide value to our customers. For details, see "— We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected." If we are unable to effectively develop our technologies, launch new solutions, or keep pace with rapid technological and industry changes, our competitive position would be impacted and our business, results of operations and financial condition could be materially adversely affected. In addition, the imposition of new tariffs or adjustments in existing tariffs or trade barriers by U.S. and other governments may negatively impact customers' demand and further disrupt their business cycles and purchasing patterns, which may adversely affect our business, financial condition and results of operations.

Demand for our solutions primarily depends on trends in the smart device and embodied intelligence solution industries and the demand for the products and/or solutions of our customers and our customers' customers.

Demand for our solutions is largely dependent on the smart device and embodied intelligence solution industry, which are volatile, intensely competitive and generally characterized by declining pricing over the life of a generation of processing hardware. Additionally, demand for our solutions could decrease if growth in the smart device and embodied intelligence solution industry slows or declines.

The revenue we generate from our solutions is also largely dependent on the rate at which our customers develop and adopt new product generations. Decreasing demand from our customers for technologies underpinning our solutions would directly and adversely affect the amount of our revenues. As a result of our dependence on demand from our customers, we are subject to several risks affecting these customers, any one of which may influence the success or failure of a particular customer. These risks include, among others:

- competition faced by the customer in its particular industry;
- the engineering and marketing capabilities of the customer;
- market acceptance of our customer's products or solutions;
- adverse developments in the economic and political conditions of the region(s) in which our customer operates, particularly to the extent that such developments create an unfavorable business environment;
- supply and production constraints affecting our customer;
- imposition of new tariffs or adjustments in existing tariffs or trade barriers;
- technical challenges unrelated to our solutions faced by our customer in developing its products or solutions; and
- the financial and other resources of the customer.

These risks and others which are outside of our control could adversely affect any number of customers upon which our success depends, which could, in turn, have a material adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to successfully expand our market share given the intense competition, and even if we can, an expansion of market share may not lead to profitability.

We compete with many other players in the industry whose businesses include the design and development of IP modules (including RISC-V cores), software and hardware. We face increasingly intense competition with other leading players in various aspects of our business, including solution coverage, product design, processing capabilities as well as consumer experience. See "Industry Overview." Competing against players with bigger market shares, more clients, and different collaboration models may hinder our ability to successfully expand our market share. Additionally, we might face competition from new entrants offering lower prices, which could impact our profitability. As a result of the foregoing, our competitors may be more competitive, including having better financial resources and/or being able to offer products at lower prices or with more favorable payment terms. If we cannot compete effectively with existing or future competitors, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, even if we are able to compete effectively, the expansion of market share may come at the expense of our profitability, which may adversely affect our business, results of operations and financial condition.

Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and solution development processes and to penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and upgrade our technologies and solution development processes. Solution design, development, innovation and upgrade is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. The technological advancement in the downstream industries has been accelerating continuously, and the downstream market is constantly proposing higher requirements and demands for upgraded technologies and processes. There can be no assurance that we will be able to develop and introduce new and upgraded solutions in a timely or efficient manner or that new and upgraded solutions, if developed, will achieve market acceptance and generate sufficient revenue to offset costs incurred for such development and further achieve profitability. Failure to timely innovate and upgrade our technologies and solution development processes could materially delay our development of new and enhanced solutions, which could result in loss of competitiveness and market share.

Our growth is also dependent on the ability of us to identify and penetrate new markets where we have limited experience yet require significant investments, resources and technological advancements in order to compete effectively. Our success in these markets is subject to a number of factors such as selling and distribution efforts, competitiveness of our existing and new solutions, customer preference and acceptance of our solutions and end products in which our solutions are integrated, and competitive landscape. There can be no assurance that we will achieve success in these markets and that the markets we serve and/or target based on our business strategy will grow in the future.

We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected.

We have been investing heavily in our research and development efforts. Our research and development expenses were RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million in 2022, 2023 and 2024, respectively. Our research and development expenses as a percentage of our total revenue reached 72.0%, 82.5% and 66.0% in 2022, 2023 and 2024, respectively. The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in research and development to make technological advances in order to expand our offerings and make our solutions innovative and competitive in the market. As a result, we expect that our research and development expenses will remain high.

However, our expenditures on research and development may not generate corresponding benefits. We have been focusing on research and development efforts that emphasize the deep integration and efficiency optimization of RISC-V cores, processing hardware and software and toolchains, while taking into full consideration the industry's understanding of what smart device and embodied intelligence solutions can offer. However, we cannot guarantee that all of our efforts on research and development can deliver benefits that we anticipate. Research and development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified research and development personnel.

It is possible that our research and development efforts on RISC-V cores, processing hardware, software and toolchains may not work. Even if we succeed in our research and development efforts and generate the results we expect, such results may not arrive in a timely manner as anticipated and we may still encounter practical difficulties in commercializing our research and development results. The market may not accept the hardware-software integration approach at the degree we expect, which may materially and adversely affect our business, prospects, financial condition and results of operations. Given the fast pace with which technologies related to smart devices and embodied intelligence have been and will continue to be developed, we may not be able to timely upgrade our technology in an efficient and cost-effective manner, or at all. Despite our research and development expenditures, new technologies in the industries we operate in could render our solutions that we develop or expect to develop in the future obsolete or commercially non-viable, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenues, profitability and market share.

The interruption of services from third-party partners may expose us to supply chain risk that could harm our business. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business relationship with us.

A large number of suppliers provide materials, equipment and services that are used in our smart device and embodied intelligence solutions. Where possible, we seek to have several sources of supply. However, for certain materials, equipment, and services, especially with respect to the manufacturing of our processing hardware, we rely on a single or a limited number of partners. For details, see "— We depend on a limited number of third-party business partners for certain essential materials, equipment and services." Delays and other problems experienced by our partners could negatively affect our business operations.

Our major suppliers are primarily manufacturers and assembly and testing service providers. Charges from our largest supplier for the years ended December 31, 2022, 2023 and 2024 accounted for 15.4%, 12.4% and 13.7%, respectively, of our total purchase amount in each year during those respective years. Charges from our five largest suppliers for the years ended December 31, 2022, 2023 and 2024 accounted for 47.2%, 44.5%, and 44.5% respectively, of our total purchase amount in each year during those respective years. For details, see "Business — Our Suppliers — Top Five Suppliers." The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Finding and qualifying alternate or additional suppliers and vendors is often a lengthy process and can lead to solution development delays, interruptions to our services, or additional costs, and such alternatives are sometimes not available at all. The inability of suppliers to deliver necessary solution development materials, equipment, or services can disrupt our provision of required solutions and make it more difficult for us to implement our business strategy.

Our reliance on these major suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain relationships with our major suppliers in the future. Any decrease in purchases from, or loss of, one or more of our major suppliers would have negative impacts on our results of operations and financial condition. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business with us. For example, if our major suppliers cease to sell their products, or if the supply is disrupted or delayed, there can be no assurance that we will be able to find new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected.

We depend on a limited number of third-party business partners for certain essential materials, equipment and services.

We do not manufacture the processing hardware ourselves. Instead, we are dependent on a limited number of partners for their services, which reduces our control over quality, manufacturing yield, development, enhancement and delivery schedules. Because of the complex technology involved in our processing hardware, any transition from an existing manufacturer to a new manufacturer or, if there were a disaster or other business disruption at any of our existing manufacturers' facilities involved in manufacturing our processing hardware, introducing new manufacturers would take a significant period of time to complete and would likely result in us having insufficient inventory and adversely affect our business, results of operations and financial condition. We are vulnerable to the risk that existing manufacturers may be unable to meet our future demand for processing hardware or cease operations altogether.

Similarly, we also rely on certain other key third-party business partners for assembling, testing and packaging our processing hardware. These business partners help us to complete processing hardware as a typical outsourced assembly and testing vendor and deliver the completed products to us. In addition, we depend on the use of electronic design automation ("EDA") tools to validate our processing hardware's design and rely on our EDA partners for provision of required EDA services to support us in designing processing hardware. If any of our partners cannot perform its respective obligations in the manner, quality and timeline as agreed or cannot fulfill their obligations due to any regulatory development, including, among others, international tariffs, trade barriers, export control or sanctions concerns, we may not be able to, on a timely basis, find a suitable alternative on commercially acceptable terms. Any inability to acquire sufficient quantities of high-quality supplies and other components in a timely manner from these third-party partners could have a negative impact on our business operations and financial condition.

In addition to manufacturing our processing hardware, we have established partnership relationships with various third-party hardware and software partners to further enhance the capabilities of our smart device and embodied intelligence solutions and enrich in the application of our solutions in various industries. However, our partners may change their cooperation model at any time and any potential loss of these relations may adversely affect our business.

Furthermore, our ability to receive required services or supplies could also be adversely affected by international trade, export control, and sanctions policies and measures, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. See "— We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on our solutions and related technologies, and our business, financial condition and results of operations could be adversely affected."

Non-compliance with regulatory standards and requirements of any third parties with which we conduct business could disrupt our business, harm our reputation and adversely affect our financial condition and results of operations.

Third parties with which we conduct business, such as suppliers and other business partners, may be subject to regulatory penalties or punishments because of their failure to comply with relevant regulatory requirements or may be infringing upon other parties' legal rights, which may, directly or indirectly, disrupt our business. We conduct review of legal formalities and certifications before entering into contractual relationships with third parties, and will take measures to reduce the risks that we may be exposed to in case of any non-compliance by third parties. However, we cannot be certain whether such third party has violated any regulatory requirements or infringed or will not violate or infringe any other parties' legal rights. For example, the data and information that we obtain from our collaborating business partners may be defective, and we may not be able to identify all instances of intellectual property infringement, and we may be held liable and pay damages for such infringement. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our business, reputation, results of operations and financial condition.

Our business depends substantially on the continued services and efforts of our experienced management and research and development personnel, and our operations may be severely affected if we lost their service.

Our future performance depends on the service and contribution of our experienced management to oversee and execute our business plans, identify and pursue new opportunities and product innovations. We also rely on our experienced management team to ensure smooth business operations, including maintenance of customer and supplier relationships, and management of our operations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our research and development team. A stable and experienced R&D team is crucial for our product development, technological innovation, production efficiency and product quality improvement. Our future success depends, to a large extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D and development of processing hardware with RISC-V cores. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we need in order to achieve our strategic objectives.

If we are unable to protect or promote our brand and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our solutions, our shareholders, directors, management, employees, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our solutions, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our shareholders, directors, management, employees, customers, business partners or their affiliates, industry, or solutions or services similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and could harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Damage to our reputation and loss of brand equity may reduce demand for our solutions, have an adverse effect on our future financial results, or reduce the [**REDACTED**] of our Shares. Damage may also require additional resources to rebuild our reputation and restore the value of the brands. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

We face challenges from existing technologies in the industry, such as x86 and ARM architectures, which might be more mature than our RISC-V architecture. We cannot ensure that there will be sufficient future market adoption of our smart solutions to drive our growth, especially our RISC-V architecture, nor can we ensure that industry developments as well as market acceptance of our RISC-V architecture will develop in our favor. If the market trends toward RISC-V architecture falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected.

We operate in a competitive and rapidly evolving industry where advancements in technology and market preferences are critical to our success. Our ability to compete and grow is significantly influenced by the adoption and acceptance of our solutions, especially those powered by RISC-V, which competes with more established technologies and architectures such as x86 and ARM. These competing architectures have been in the market for a longer time, are more mature, and benefit from widespread adoption, established ecosystems, and significant developer and industry support. In contrast, RISC-V architecture, while offering potential benefits such as flexibility and open standards, is still in its relatively early stages of development and adoption.

According to Frost & Sullivan, China's RISC-V powered solution market has grown exponentially, surging from RMB0.1 billion in 2020 to RMB16.1 billion in 2024, achieving a remarkable 263.5% CAGR during this period. Looking ahead, the market is projected to maintain rapid growth, reaching RMB161.1 billion by 2029, with a 45.9% CAGR from 2025 to 2029. RISC-V powered processing hardware are being widely deployed across smart home devices, industrial automation systems, automotive electronics, and edge intelligence infrastructure, offering cost-effective and customizable alternatives to traditional architectures. However, there is considerable uncertainty over the size and rate at which these markets will grow. Although we have successfully grown demand for our solutions thus far, this is dependent on the trend toward RISC-V powered solutions as a growing segment of the technology industry. Therefore, our growth is highly dependent upon the worldwide adoption of RISC-V powered solutions as well as the ability to maintain and increase consumer attraction to smart device and embodies intelligence solutions. However, this interest in our industry is dependent on general economic development, particularly in advanced industrialized economies.

There is no guarantee that our RISC-V architecture will achieve the level of market acceptance necessary to drive our growth. The adoption of any new technology requires industry participants — such as processing hardware manufacturers, developers, and end-users — to invest time and resources into transitioning from existing technologies. This process can be slow and uncertain, particularly when the competing technologies already have a strong foothold in the market. If the ecosystem around RISC-V fails to grow or fails to attract sufficient interest and investment from key stakeholders, our ability to compete effectively could be significantly impaired. Moreover, the pace of industry developments and market adoption of RISC-V architecture may not align with our expectations. If the market for RISC-V architecture does not expand as rapidly or as positively as anticipated, our investments in this area may not yield the desired returns. Additionally, external factors — such as economic conditions, global supply chain disruptions, imposition of new tariffs or adjustments in existing tariffs or trade barriers, or shifts in customer preferences — could further hinder adoption and limit the potential growth of RISC-V architecture.

If we are unable to overcome the challenges posed by more mature technologies, or if the market for RISC-V architecture fails to develop as we expect, our business, financial condition, and results of operations could be materially and adversely affected. Furthermore, failure to achieve sufficient market traction with our smart device and embodied intelligence solutions could harm our reputation, weaken our competitive position, and reduce our ability to invest in future innovations.

Changes in our industry or end markets may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market. As the market for our solutions grows, as our competitors introduce new solutions that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may be unable to attract new customers or retain existing customers based on our historical pricing models. Given our limited operating history and limited experience with our historical pricing models, we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain users may demand higher price discounts. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

In addition, the price of our solutions depends on the bundle included in the specific solutions, and our prices vary significantly across our solutions. Our solutions have different margin profiles, which vary between solutions depending on the amount, number and type of components that we deliver. If we adjust our business mix or fail to maintain our gross margin for our solutions, our business, results of operations and financial condition would be adversely affected.

If we are not able to timely and effectively support our customers, our customers' satisfaction with our solutions may decline, which could materially adversely affect our future business operations, results of operations, and financial condition.

Our success depends on our ability to provide timely and effective support to our customers. As our business grows and we expand our customer base, we face increasing pressure to deliver high-quality customer support services across a variety of geographies, industries, and use cases. Failure to meet our customers' expectations regarding support, whether due to delays, inadequate solutions, or insufficient resources, could lead to dissatisfaction, reduced trust in our solutions, and harm to our reputation.

Customer satisfaction is critical to the retention of existing customers and the acquisition of new ones. If we are unable to address customer inquiries, technical issues, or concerns promptly and effectively, customers may lose confidence in our ability to deliver reliable solutions. This could result in higher customer churn rates, decreased renewal rates for recurring revenue contracts, and reduced opportunities to upsell or cross-sell additional products and services. Our ongoing success depends on our ability to adequately communicate and deliver our solutions and technologies to support customers' design and production processes in a timely and effective fashion. If we are not able to communicate with our customers or adequately support their mass production processes, customers may lose confidence in our solutions and experience declining satisfaction with our business. Any corresponding decline in customer engagement may adversely affect our business operations, results of operations, and financial condition.

The implementation and validation processes of our solutions could be lengthy and unpredictable, and are subject to risks of contract cancellation, postponement, supply chain shortages, or unsuccessful solution implementation.

Prospective customers generally need to test and validate our solutions before implementing them in any particular device. Due to the complexity involved, the implementation and validation processes of smart device and embodied intelligence solutions with new customers may take long term. As such, we may invest considerable resources during implementation and validation phase before generating any revenues, which presents a risk to our ability to forecast our results of operations and manage our business operations.

In addition to the large upfront investment required prior to commercialization, customers may cancel or postpone implementation of our solutions due to an internal strategy shift, imposition of new tariffs or adjustments in existing tariffs or trade barriers, regulatory changes on tariffs, international trade, export control or sanctions or other reasons beyond our control. Due to the technological complexity of our industry, the implementation of our solutions into customers' devices may not be smooth despite reference designs and extensive communication due to the complexity of our solutions, thus requiring higher costs and more investments of financial and human resources further along the process. Further, devices in which our solutions are implemented may experience unfavorable sales volumes, which could lead to reduced demand for our solutions. Any of the foregoing factors may have a material adverse effect on our business operations, results of operations, and financial condition.

The sales results of our solutions will partially depend on the sales results of our customers, which, in turn, may depend on effective integration of our solutions by our customers and the overall user experience of the products integrated with our solutions.

The sales results of our solutions will depend on the sales result of our customers, which, in turn, may depend on whether our customers effectively integrate our solutions into their devices. Our solutions are technologically complex, incorporate many technological innovations, and are typically subject to significant testing and verification, and customers also generally must devote significant resources to test and validate our solutions before integrating them in any particular device. These integration cycles result in our investment of resources prior to realizing any revenue from any integrated solution. In addition, the sales results depend on overall user experience, including, among others, design and customer support, which are all beyond our control. Despite the effective integration, the devices integrated with our solutions may generate poor sales results due to poor overall user experience, which, in turn, affect the sales results of our solutions.

Increases in costs of materials and other components that we use in our solutions would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which we purchase materials, components, and supplies for the production of our solutions may adversely affect our profitability. Any significant increase in the costs of these inputs could materially and adversely affect our ability to produce competitive and cost-effective solutions. As a result of inflationary pressures, we have experienced and may continue to experience increases in the cost of our inventories sold. We are seeking to adjust the prices charged to our customers to offset these cost increases, but anticipate that, despite such price increases, our gross profit margin may be negatively affected, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are able to do so. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations, and financial condition.

The prices of materials and components we use are influenced by various factors beyond our control, including global supply and demand dynamics, geopolitical tensions, imposition of new tariffs or adjustments in existing tariffs or trade barriers, inflationary pressures, currency fluctuations, trade policies, and disruptions in the supply chain. Shortages of certain components, such as raw materials for processing hardware, would have led to price increases and delays in procurement, adversely impacting many industries, including ours. If such supply chain issues persist or worsen, we may face higher costs and difficulties in securing the materials and components necessary for our operations. Additionally, our reliance on third-party suppliers and manufacturers exposes us to risks related to their pricing and production decisions. If our suppliers increase their prices, reduce their production capacity, or fail to meet our quality or delivery standards, we may be forced to seek alternative suppliers, which could result in higher costs, production delays, and disruptions to our operations.

Furthermore, any inability to effectively manage cost increases or mitigate supply chain disruptions could delay the development and delivery of our solutions, harm our customer relationships, and damage our reputation. Such challenges could also limit our ability to invest in new technologies and innovation, further impacting our long-term growth prospects.

We currently have and target many customers that are large corporations with substantial negotiating power, exacting product standards and potentially competitive internal solutions and products. If we are unable to sell our solutions to these customers, our prospects and results of operations will be adversely affected.

Many of our existing customers and potential customers are large, multinational corporations with substantial negotiating power relative to us and, in some instances, may have internal solutions and products that are competitive to our products. These large, multinational corporations also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies. Meeting the technical requirements of any of these companies and being selected by them for supplying smart device and embodied intelligence solutions will require a substantial investment of our time and resources. We cannot assure you that our smart device and embodied intelligence solutions will be selected by these or other companies or that we will generate meaningful revenue from the sales of our solutions to these key potential customers. If our solutions are not selected by these large corporations or if these corporations develop or acquire competitive technology, our business, financial condition and results of operations could be adversely affected.

Our results of operations are affected by seasonal fluctuations.

Our results of operations are affected by seasonal fluctuations in demand for our solutions in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and fourth quarters throughout the year. See "Financial Information — Key Factors Affecting Our Results of Operations — Company-Specific Factors — Seasonality." If we are unable to increase our solution provision capacity to meet demand, we may lose potential sales and our customers may seek other sources to meet their needs. If we are unable to manage our capacity during a seasonal or market-related downturn in demand, we may be unable to control costs. Our inability to react to changes in seasonal or cyclical demand on a timely basis may have a material adverse effect on our business, financial condition and results of operations.

We have a limited operating history, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

We commenced operations in 2019. As a result of our limited operating history, our ability to accurately forecast our future results of operations is subject to a number of uncertainties such as our ability to plan for future growth. We have experienced rapid growth since the inception of our operations. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. In future periods, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our solutions and technologies, intensified competition, material changes in technology, declining growth rate of our total addressable market, or our failure to continue to take advantage of growth opportunities. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance, financial condition and results of operations.

Our continued growth depends on our ability to effectively manage and expand our operations, including scaling our business processes, infrastructure, and workforce. However, rapid growth introduces significant challenges, and if we are unable to address these challenges effectively, our operational performance and financial condition could be adversely affected. Inadequate management of our growth could also lead to operational bottlenecks, delays in product development or delivery, and difficulties in maintaining consistent financial performance. If we are unable to address these challenges, our competitive position in the market could weaken, and our business, financial condition, and results of operations could be materially and adversely affected.

We plan to further grow our business by, among other things, expanding and diversifying our offerings and expanding and developing relationships with existing and new customers. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others:

- managing a larger organization with a greater number of employees in different divisions;
- managing our supply chain to support fast business growth;

- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding research and development, sales and administrative facilities;
- executing our strategies and business initiatives successfully;
- imposition of new tariffs or adjustments in existing tariffs or trade barriers;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new markets and potentially unforeseen challenges as they arise.

To effectively manage the expected growth of our operations, we will also be required to refine our operational, financial and management controls and reporting systems and procedures. Our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our solutions mix may continue to change in the future, affecting our revenue mix, and this may have an adverse impact on our profit margin. Our growth requires significant financial resources and will place significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects, and results of operations could be negatively impacted.

We may not be able to adequately protect or enforce our intellectual property rights throughout the world, and our efforts to do so may be costly.

We rely on proprietary technology, and we are dependent on our ability to protect such technology. If we are not able to adequately protect or enforce the intellectual property rights relating to our smart device and embodied intelligence solutions and other technologies, competitors could be able to access and use them, and our operations and financial condition could be adversely affected. We currently attempt to protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third-party non-disclosure agreements and similar means. Despite our efforts, other parties may unintentionally or willfully disclose, obtain or use our technologies or systems. Software piracy has also been, and is expected to be, a persistent problem for the software industry. Despite the precautions we have taken, unauthorized third parties, including our competitors, may be able to copy certain portions of our software solutions or reverse engineer or obtain and use information that we regard as proprietary. Our competitors may also be able to independently develop similar or superior products, software or solutions without copying our proprietary software or other technology or design around our patents. Further, we may not have adequate intellectual property rights in certain proprietary technology in jurisdictions that are important to the business or that one day may become important to the business where we do not currently own any issued or applied-for patents. In addition, the laws of some foreign countries do not protect our intellectual property rights as fully as do the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. Last but not least, we did not adopt an aggressive or offensive global intellectual property strategy to enforce our intellectual property rights, which may expose us to greater risk of infringement by third parties.

In addition, any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time consuming and could lead to the invalidation of, or render unenforceable, our intellectual property rights, or could otherwise have negative consequences for us. We may be a party to claims and litigation as a result of alleged infringement by third parties of our intellectual property rights. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business. Any such suit may be time consuming and expensive to resolve and may divert our management's time and attention from our business. Furthermore, it could result in a court or governmental agency invalidating, narrowing the scope of, or rendering unenforceable our patents or other intellectual property rights upon which the suit is based, which may seriously harm our business. Additionally, monitoring unauthorized use and disclosures of our proprietary technology, intellectual property and confidential information can be difficult and expensive. We cannot be sure that the steps we have taken will prevent misappropriation, infringement and violation of our intellectual property or proprietary rights. If we are unable to adequately protect, establish, maintain or enforce our intellectual property or other proprietary rights, our business, financial condition and results of operations may be adversely affected.

We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights.

The industry in which our business operates is characterized by a large number of patents, some of which may be of questionable scope, validity or enforceability. As a result, there is a significant amount of uncertainty in the industry regarding patent protection and infringement, and we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate intellectual property or proprietary rights of third parties.

In recent years, there has been significant litigation globally involving patents and other intellectual property rights. We could become subject to claims and litigation alleging infringement by us of third-party patents, copyrights or trade secrets. For example, in the event that we recruit employees from other technology companies, including certain potential competitors, and these employees used or alleged to have used certain know-how, technology or contents, or the participation by such employees in our research and development, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our solutions or business operations, or invalidate or render unenforceable our intellectual property rights. An adverse judgment could also result in loss of reputation or may force us to take costly remediation actions, such as redesigning our solutions. In addition, because patent applications can take many years until the patents issue, there may be applications now pending of which we are unaware, which may later result in issued patents that our solutions may infringe. If any of our solutions infringes a valid and enforceable patent, or if we wish to avoid potential intellectual property litigation on any alleged infringement of our solutions, we could be prevented from selling, or elect not to sell, our solutions unless we obtain a license, which may be unavailable or be available only at commercially unreasonable, unfavorable or otherwise unacceptable terms. Alternatively, we could be forced to pay substantial royalties or to redesign one or more of our solutions to avoid any infringement or allegations thereof. Additionally, we may face liability to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our solutions.

We also may not be successful in any attempt to redesign our solutions to avoid any alleged infringement. A successful claim of infringement against us, or our failure or inability to develop and implement non-infringing technology, or license the infringed technology, on acceptable terms and on a timely basis, could materially adversely affect our business and results of operations. Furthermore, such lawsuits, regardless of their success, could likely be time consuming and expensive to resolve and may divert management's time and attention from our business, which could seriously harm our business. Also, such lawsuits, regardless of their success, could seriously harm our reputation with our customers and in the industry we compete in at large.

Further, while we believe that we have secured proper licenses for all third-party intellectual property that we have used in the development of our solutions, third parties may assert infringement claims against us, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as us. Any such assertion, regardless of merit, may be time consuming and expensive to resolve and result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as we continue to develop solutions and expand our portfolio using new technology and innovation, our exposure to threats of infringement may increase.

Our patent applications may not be issued as patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting solutions similar to ours.

We cannot be certain that we are the first inventor of the subject matter for which we have filed a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application covering the same subject matter as we have developed, and such application has priority against our patent application, we may not be entitled to the protection sought by our patent application, including preventing third parties from commercializing the same or similar technologies. Further, the scope of protection of patent claims may be limited or narrowed if the examining authority determines there is cause to do so, such as if claims included in the patent application cover subject matter that is ineligible for patent protection or is obvious, or are deemed to lack sufficient detail to enable practicing the invention or in the event of the existence of prior art. As a result, we cannot be certain that the patent applications that we file will result in issued patents, or that our issued patents will be broad enough to protect our technology or otherwise afford protection against competitors with similar technology. In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Our competitors may challenge or seek to invalidate our issued patents, or design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. Also, the costs associated with enforcing patents, confidentiality and invention agreements, or other intellectual property rights may make aggressive enforcement impracticable.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our solutions.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications that we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how as well as our copyrights.

We rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that may not be patentable, or that we believe is best protected by means that do not require public disclosure. We generally seek to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors, scientific advisers and third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We have limited control over the protection of trade secrets used by our third-party manufacturers and partners and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, scientific advisers and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. Furthermore, laws regarding trade secret rights in certain markets where we operate may afford little or no protection to our trade secrets.

With respect to intellectual property rights in software, we selectively register copyrights in certain circumstances. While international conventions and international treaties may provide meaningful protection against unauthorized copying of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the international conventions or international treaties. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of our proprietary rights.

We also rely on physical and electronic security measures to protect our proprietary information, but we cannot provide assurance that these security measures will not be breached or provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized use of such information or take appropriate and timely steps to enforce our intellectual property rights.

Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

Third-party professional distributors assisted us in marketing, branding and sales of a portion of our products. The performance of our distributors, their ability and distribution network to sell our products can affect our growth rate, which may have direct impacts on our revenue and profitability. There can be no assurance that we will be successful in detecting any non-compliance of our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales.

Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Fraud or other misconduct by our distributors may involve engaging in unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our customers for fraud or misconduct committed by such distributor. Any claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

If we fail to maintain our existing distribution channel, our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, we generated a portion of revenue from distributors, amounting to RMB170.5 million, RMB154.5 million and RMB170.5 million, representing 8.5%, 8.8% and 8.4% of our total revenue in 2022, 2023 and 2024, respectively.

Our ability to maintain and grow our solutions will depend, in part, on our ability to maintain an effective distribution channel that ensures the timely delivery of our solutions to relevant customers. However, we have relatively limited control over our distributors, who may fail to distribute our products in the manner we contemplate. If price controls or other factors substantially reduce the margins our distributors can obtain through the resale of our solutions to customers, they may terminate their relationship with us. Any decrease in sales from, or loss of, one or more of our distributors without a corresponding increase in sales from our solutions or for any other reasons would harm our business, operating results, financial condition, and cash flows.

Any failure by us or our business partners to comply with applicable anti-money laundering, anti-terrorism, anti-bribery, export controls, economic and trade sanctions regulations and similar laws could lead to significant penalties and damages to our reputation, adversely affecting our operating performance, financial condition and results of operations.

Any failure by us or our business partners who work with us to comply with applicable anti-money laundering ("AML"), anti-terrorism, anti-bribery, export controls, or economic and trade sanctions laws and regulations could lead to significant penalties and damages to our reputation. We and our business partners who work with us are often required to comply with certain AML requirements set out by regulators in the jurisdictions where we and our business partners operate. We are also subject to various AML, anti-terrorism, anti-bribery, export controls and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities and the import and export of controlled commodities, software and technologies. To comply effectively with such laws and regulations, we and our business partners must establish sound internal control policies and procedures with respect to AML, anti-terrorism, anti-bribery, export controls, economic and trade sanctions, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our solutions from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, economic and trade sanctions, and other illegal purposes. If we fail to comply with AML, anti-terrorism, anti-bribery, export controls, and economic and trade sanction laws and regulations, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, employees, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions and international trade policies.

International trade frictions have been escalating continuously in recent years. Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms, such as heavy tariffs or harsh trade conditions, against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. The United States and other jurisdictions or organization, including the European Union, the United Nations, the United Kingdom and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organization within such countries.

These uncertainties may be further exacerbated by shifting policy stances, new tariffs, trade restrictions, or changes to regulatory frameworks, particularly in environments where trade policy is frequently used as a tool of foreign policy and subject to sudden reversals. In particular, ongoing tensions between the U.S. and China have been characterized by frequent tariff actions, retaliatory measures, and abrupt policy changes that have affected global trade flows and supply chains. For instance, there have been changes in international trade policies and rising political tensions, particularly between the U.S. and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. Starting from February 2025, the U.S. government imposed a series of tariff increases on imports from China. In response to the multiple rounds of tariff increases by the U.S. government, China also announced several rounds of retaliatory tariffs on goods imported from the U.S. In addition, the United States government imposed a 20% tariff to address the fentanyl crisis, and Section 301 tariffs on specific goods, between 7.5% and 100%. The U.S. Commerce Department has recently initiated multiple investigations under section 232 of the Trade Expansion Act (19 U.S.C. 1862) to determine the effects of importing certain products on the U.S. national security. Depending on the outcome of this investigation, it is possible that the United States will impose tariffs or other affecting our customers who export goods to the United States. Additionally, prolonged trade disputes may affect global economic conditions, potentially impacting our business and growth prospects.

International trade policies and international export controls and economic sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "ANPRM") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "Final Rule"). The Final Rule is effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "covered activities." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in a "covered foreign persons," which are defined as "covered transactions," and include acquisitions of equity interests and contingent equity interests, certain debt financing, greenfield and brownfield investments, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China in certain sectors, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

As advised by our legal adviser in connection with the foregoing matters, we may be deemed a "covered foreign person" defined under the Final Rule due to our business activities which falls within the "covered activities" targeted by the Final Rule. As such, if a U.S. person engages in a transaction with us, including the acquisition of our equity interests, such transaction may be deemed as a "notifiable transaction" and such U.S. person may need to notify the U.S. Department of the Treasury pursuant to the Final Rule. In addition, even though U.S. persons' acquisitions of certain [**REDACTED**] securities (such as our publicly [**REDACTED**] H shares) will be exempted from the scope of covered transactions, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors prior to and after this [**REDACTED**] given that relevant laws, regulations, and policies continue to evolve. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

We are subject to the risks associated with sanctions and export controls laws and regulations, and developing domestic and foreign laws and regulations on our solutions and related technologies, and our business, financial condition and results of operations could be adversely affected.

Certain of our solutions may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports of our solutions or products and services incorporated with our solutions must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Obtaining the necessary authorizations, including any required license, for a particular deployment may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. In addition, changes in our solutions, or changes in applicable export control or economic sanctions regulations may create delays in the introduction and deployment of our solutions in international markets, or, in some cases, prevent the export of our solutions or products and services incorporated with our solutions to certain countries or end users. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our solutions, or in our decreased ability to export our solutions or provide our services to existing or prospective customers with international operations. Any decreased use of our solutions or limitation on our ability to export our solutions and provide our solutions could adversely affect our business, results of operations, financial condition, and prospects.

In addition to trade policy measures, the United States and certain other governments have imposed and may adopt additional sanctions, export controls and other regulatory measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition. In addition, our business operations or reputation may be adversely affected if our business partners, including our customers, are subject to sanctions.

We may be unable to successfully expand globally and the expansion of our international operations may expose us to additional regulatory, economic and political risks, the failure to handle which may adversely affect our business, results of operations and financial condition.

We aim to expand globally. However, we may not succeed in this endeavor and our success will depend on our ability to expand our sales capabilities and business relationships with our existing and new customers. For example, given the high regulatory and market access challenges in specific markets, we may not actively explore these markets in the short term, which could limit our ability to successfully achieve this objective. In addition, we face a high level of competition in our industry and we cannot be certain that the pace of growth will meet expectations. Our expansion strategy also requires significant cash investments and management resources and there is no guarantee that our business can generate additional sales of our solutions to support our expansion. As we expand, we will face risks in doing business internationally that could adversely affect our business, including:

- difficulties and costs in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including laws and regulations related to the industry and data security, and laws related to labor and labor unions;

- the difficulty of managing and staffing international operations and the increased operations, travel, and network costs associated with numerous international locations;

- challenges of gaining acceptance for our solutions by customers in different markets;

- our ability to effectively price our solutions in competitive international markets;

- global or regional health crises;

- imposition of new tariffs and or adjustments in existing tariffs or trade barriers;

- the complexities of complying with current and future export controls and economic sanctions administered by the U.S. Department of Commerce's Bureau of Industry and Security and the U.S. Department of the Treasury's Office of Foreign Assets Control and other relevant sanctions authorities;

- protectionist or national security policies that restrict our ability to develop, import or export certain technologies; and

- more limited protection for intellectual property rights in some countries.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition.

Commercialization of our new solutions may give rise to potential internal competition between our own solutions in the future and adversely affect our business.

We are currently developing our new solutions. However, in practice, customers would make choices between different solutions we provided by weighing their respective pros and cons in various aspects, including but not limited to the availability of advanced features, risks, adaptability and costs, among others, and the needs and requirements vary significantly. Therefore, our new and existing solutions may compete against each other in a broad sense. Moreover, the functions and driving scenarios of our solutions might be further expanded in the future due to growing awareness of their benefits as well as technological advancements. While we try to minimize the risk of internal competition among our different solutions by developing different functions and designing different prices to target distinct needs, there may be some overlap and there can be no assurance that our promotion of new solutions will not adversely affect our sales of existing solutions. To the extent sales of certain of our solutions result in decreased sales of other of our solutions, our overall growth may be constrained and our business, financial condition and results of operations may be adversely affected.

We may be subject to risks associated with our technologies and solutions. Our RISC-V and other technologies used on our customers' products are highly complex and may contain defects or otherwise fail to perform in line with expectations, which could reduce the market adoption of our technologies and solutions, damage our reputation with current or prospective customers, expose us to product liability, quality and other claims domestically or globally and adversely affect our results of operations.

Smart device and embodied intelligence solutions powered by RISC-V architecture and related products and services are sold to customers to be installed on a wide range of consumer electronics, automobiles and industrial appliances Those solutions are highly technical and very complex and require high standards to manufacture and will likely in the future experience defects, errors or reliability issues at various stages of development. We may be unable to timely release new solutions, manufacture existing solutions, correct problems that have arisen or correct such problems to our customers' satisfaction.

Smart device and embodied intelligence solutions powered by RISC-V architecture are subject to risks and from time to time there have been accidents associated with such technologies. Some errors or defects in our solutions may only be discovered after they have been tested, commercialized and deployed by customers, in which case we may incur significant additional development costs and product recall, repair, replacement costs or compensation. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our solutions, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our financial results. Although we attempt to remedy any issues we observe in our solutions as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers.

Furthermore, any defects in or significant malfunctioning of our smart device and embodied intelligence solutions may weaken customer confidence in RISC-V powered solutions. As the markets for RISC-V powered solutions are evolving, the loss of customer confidence in RISC-V powered solutions could have a material adverse impact on the future of such markets in general and our business prospects in particular.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. See "Business — Data Privacy and Information Technology Systems." The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

The data privacy and data security laws, including those in China, are subject to rapid and evolving changes, imposing significant compliance requirements on us, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the processing of data, could materially and adversely affect our business, financial condition, reputation and results of operations.

We do not collect personal information from third parties for our research and development purposes. Nonetheless, our operations subject us to laws and regulations on data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC as well as data security and privacy laws in jurisdictions where we intend to operate as well as concerns from our customers, employees and third parties with whom we conduct business, even if unfounded, could damage our reputation and operating results. If we were to expand our business globally, we would increasingly become subject to various laws, regulations and standards, such as the General Data Protection Regulation, or GDPR, as well as contractual obligations relating to data privacy and security in the jurisdictions in which we were to operate. The regulatory and legal frameworks regarding data privacy and security issues in many jurisdictions are constantly evolving and developing and can be subject to significant changes from time to time, including in ways that may result in conflicting requirements among various jurisdictions. Interpretation and implementation standards and enforcement practices are similarly in a state of flux and are likely to remain uncertain for the foreseeable future. As a result, we may not be able to comprehensively assess the scope and extent of our compliance responsibility at a global level, and may fail to fully comply with the applicable data privacy and security laws, regulations and standards. Moreover, these laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may be inconsistent with our existing practices. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such evolving policies, which requires significant resources and efforts. The theft, loss, or misuse of data to run our business or by our partners could result in significantly increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, disruption of our business activities or other increased costs related to defending legal claims.

We may be subject to laws and regulations regarding privacy and data protection the jurisdiction that we operate, if applicable. For details, see "Regulatory Overview — Regulations on Cybersecurity and Data Protection." In addition, as our customers expand their footprints globally, they may leverage our solutions in other countries or territories outside China and are thus required to comply with laws and regulations regarding privacy and data protection in such jurisdictions. As a result, we may be required to upgrade our solutions to help them comply with such laws and regulations. Up to the Latest Practicable Date, we had not been subject to any inspection, action, compulsory administrative measure or penalty from the PRC authorities or any other relevant regulatory bodies in relation to our compliance with privacy and data protection laws and regulations.

We have adopted various measures to ensure legal compliance. See "Business — Data Privacy and Information Technology Systems" for more information. However, the laws and regulations regarding privacy and data protection in the jurisdiction that we operate, are generally complex and evolving, the interpretation and application thereof might be subject to continual adjustment. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations.

In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, public censure, other claims and penalties, and significant costs for remediation and damage to our reputation, we could be materially and adversely affected if legislation or regulations are expanded to require changes in our data processing practices and policies or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively impact our business, financial condition and results of operations. Any inability to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could require significant resources and efforts, which have a material effect on our business, financial condition and results of operations.

Disruptions and unauthorized access such as cyberattacks on our IT systems or those of third-party service providers could have a material adverse effect on our business operations, results of operations, reputation and financial condition.

Our solutions and technologies may provide us with access to sensitive and/or confidential data or information, which pose a tempting target for malicious actors who may seek to carry out cyberattacks against us or our suppliers or service providers. Actual or perceived breaches of our or our service providers' security measures or any failure to maintain reliability, security and integrity of our solutions and technical platform, including third-party cloud platform and information technology, or IT, services upon which we rely, may expose us to significant consequences. We have implemented internal rules and procedures related to our IT system as well as data security and privacy policy to ensure that security requirements are met in our operations. However, we can provide no assurance that our IT systems or those of third-party service providers are fully protected against third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats. Additionally, software authorized or licensed by third parties which is incorporated into our technologies may present certain risks related to cybersecurity, such as the general lack of support for such software which could result in vulnerabilities that could compromise the security of our systems. See "— We utilize open-source software and technology, which may pose particular risks to our business" for further details describing the risks associated with our use of open-source software.

Therefore, our systems, servers and equipment, and those of our service providers, may be subject to such incidents, which may lead to damages to our IT systems, material disruption to our business, or theft, rendering inaccessible, improper disclosure or misappropriation of our or our customers' business information, trade secrets, sensitive data and other confidential or proprietary information. Any such event could have a material adverse effect on our business even if we recover using our backup information. Consequences may include legal and financial exposure, loss of business and customers, loss or unauthorized disclosure of trade secrets or other proprietary information or personal information, and could give rise to litigation (including class-action litigation and litigation and indemnity claims against us by our customers based on our customer agreements and other commercial arrangements), regulatory actions and fines, consumer protection actions, other related costs (including in connection with our investigation and remediation efforts) and significant harm to our reputation. This may hinder our ability to retain existing customers and business partners and attract new partners and customers. To the extent we experience a cyberattack or security breach, we may be unsuccessful in implementing remediation plans to address exposure and future harm. Also, we do not maintain insurance coverage relating to cybersecurity incidents, and so any expenses or costs incurred as a result of, or related to, any cyberattacks or security breaches, which could be significant, would be at our own expense. Any such actual or perceived disruptions, access, breaches, uncertainties or events could materially and adversely affect our business operations, results of operations, and financial condition.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. As of the Latest Practicable Date, we had not maintained product liability insurance, and do not carry any business interruption or litigation insurance. See "Business — Insurance." We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

We may be subject to claims for remuneration or royalties for assigned service invention rights by our employees that result in litigation, which would adversely affect our business, results of operations and financial condition.

We face a potential risk of litigation from claims by our employees seeking remuneration or royalties for their service inventions that have been assigned to the Company. Such claims, if they arise, could lead to costly and time-consuming legal disputes, diverting management attention and resources from our core operations. This could negatively impact our business and financial condition.

Moreover, adverse outcomes in these litigations could result in significant financial liabilities and harm our reputation, affecting our relationships with both current and potential employees and customers. This scenario represents a substantial risk to our operational and financial stability.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, non-compete covenants with their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, non-compete covenants in a way that benefits us. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

We utilize open-source software and technology, which may pose particular risks to our business.

We use open-source software and technology in our solutions and anticipate using open-source software and technology in the future. Some open-source software and technology licenses require those who distribute open-source software and technology as part of, combined with or linked to their own proprietary software and technology, or those who distribute proprietary software and technology derived from open-source software and technology, to publicly disclose all or part of the source code to such proprietary software and technology, to permit modifications of such proprietary software and technology or to make available any modifications or derivative works of the open-source code on unfavorable terms or at no cost. This could result in our proprietary software and technology being made available in the source code form and/or licensed to others under open-source licenses, which could allow our competitors or other third parties to use and modify our proprietary software and technology freely without spending the development effort. This could lead to a loss of the competitive advantage of our proprietary technologies and, as a result, sales of our solutions. There is a risk that open-source software and technology licenses may be construed in a manner that imposes unanticipated conditions on our ability to provide solutions or retain ownership of our proprietary intellectual property, particularly given that the terms of many open-source licenses to which we are subject have not been interpreted by courts of law. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the derivative works that we developed using such open-source software and technology, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open-source license. These claims could result in costly litigation and could require us to make our proprietary software and technology source code freely available, purchase a costly license, or cease offering the implicated solutions unless and until we can re-engineer them to avoid using or being based on any open-source software and technology or otherwise avoid breach of the applicable open-source software and technology licenses or potential infringement. This re-engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful.

Additionally, the use of certain open-source software and technology can lead to greater security and operational risks than use of third-party commercial software and technology, as open-source licensors generally do not provide warranties or controls on the origin of software and technology. There is typically no support available for open-source software and technology, and we cannot ensure that the authors of such open-source software and technology will implement or push updates to address security risks or will not abandon further development and maintenance. To the extent that our solutions depend upon the successful operation of the open-source software and technology they use, any undetected errors or defects in this open-source software and technology could prevent the deployment or impair the functionality of our solutions, delay the introduction of new solutions, result in a failure of our solutions, and harm our reputation. Moreover, undetected errors or defects in open-source software and technology could render it vulnerable to data breaches or cyberattacks and make our systems more vulnerable to such attacks and breaches. We have processes to help alleviate these risks, including a review process for screening requests from our developers for the use of open-source software and technology, but we cannot be sure that all open-source software and technology is identified or submitted for approval prior to use in connection with our software or solutions. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our ownership of proprietary technology, the security of our systems and devices using them, or our business, results of operations, and financial condition.

If we fail to obtain and maintain the requisite licenses, permits, registrations and filings applicable to our business according to evolving legal requirements, our business, results of operations, financial condition and prospects may be adversely affected.

Under PRC laws and regulations, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. As a fast-growing company that is continuously exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be materially affected.

In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. Furthermore, due to the evolving interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses, permits, registrations or filings we hold may be deemed insufficient by the PRC government, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. If any of these risks materializes, our business, results of operations, financial condition and prospects may be adversely affected.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such disputes and claims may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur legal fees, allocate a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could adversely affect our business. In the event of an adverse judgement against us, we may need to spend a significant amount to settle claims or pay damages, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Any investments or future acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

We have made investments in recent years in other companies. We expect to continue to evaluate and consider a wide array of investment and acquisition opportunities that we believe can extend and solidify our leading market position as part of our overall business strategy. We may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties in integrating the acquired personnel, operations, solutions into our operations;
- potential issues with technology, internal controls and financial reporting of the companies we acquire or invest in;
- disruptions of our ongoing business, distractions of the attention of our management and employees and increase of our expenses;
- loss of skilled professionals and established client relationships of the businesses we invest in or acquire;
- for investments over which we do not obtain management and operational control, lack of influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments;
- new regulatory requirements and compliance risks that we become subject to as a result of investments or acquisitions in new industries or otherwise;

- actual or alleged misconduct or noncompliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;

- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;

- compliance matters including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions;

- the risk that any of our pending or other future proposed investments or acquisitions does not close;

- the costs of identifying and consummating investments and acquisitions;

- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;

- the occurrence of significant amortization expenses for other intangible assets; and

- uncertainties in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

Any such negative developments described above could affect our existing business and have a material adverse effect on our business, reputation, financial condition and results of operations.

Our Single Largest Shareholders have substantial influence over our Group and interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders. Immediately following the completion of the [**REDACTED**], the Single Largest Shareholders will remain as the Single Largest Shareholders of our Group. The interests of our Single Largest Shareholders might differ from the interests of our other Shareholders. In the event that our Single Largest Shareholders causes us to pursue businesses that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Single Largest Shareholders and our other Shareholders may also materially and adversely affect our operations such as the decision and implementation of our business plans, which may in turn affect our business and results of operations.

We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control.

Natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic such as COVID-19, or other events such as acts of war, terrorism, environmental accidents, power outages or communication interruptions may result in loss of lives, injury, destruction of assets and may materially and adversely affect our business. Our operations could also be affected if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our financing arrangements, business operations, results of operations, and financial condition.

As we expand globally with our customers, we become increasingly exposed to the effects of fluctuations in currency exchange rates, especially its potential impact on our financing arrangements. The value of the Renminbi against the U.S. dollar and other currencies has fluctuated significantly in the past, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government.

We face translation exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and affect our operating results. To the extent that we need to convert any foreign currencies we receive from this [**REDACTED**] into Renminbi for our operations, appreciation of the Renminbi against such foreign currencies would have an adverse effect on the Renminbi amount we would receive. We cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the foreign currencies in the future. If we decide to convert our Renminbi into foreign currencies for making payments toward our financing, for dividends on our H Shares, or for other business purposes, appreciation of the foreign currency against the Renminbi would have a negative effect on the foreign currency amount, adversely affecting our financial position. Therefore, any significant fluctuation of Renminbi against the foreign currency could adversely affect our business, results of operations and financial condition, and the value of any dividends payable in foreign currencies.

We face certain risks relating to the properties that we lease, which may disrupt our operations and relocation costs.

As of the Latest Practicable Date, we primarily leased 21 properties for our business operations which are mainly used as our headquarters and office space and five properties as our dormitories in mainland in China with an aggregate gross floor area of approximately 102,998.75 square meters. Any limitations on the leased properties, or lessors' title to such properties, may impact our use of the offices, or in extreme cases, result in relocation, which may in turn adversely affect our business operations.

Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreements of nine of our leased properties for business operations and two of our leased dormitories in China had not been registered with the relevant PRC government authorities. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. As of the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

As of the Latest Practicable Date, two of our subsidiaries have discrepancies between their registered addresses and their actual leased operating locations. For subsidiaries operating at locations different from their registered addresses without proper registration updates, the administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may face potential risks of being penalized for non-compliance or being listed as abnormal entities. Even though we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant PRC authorities during the Track Record Period and up to the Latest Practicable Date, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us, which could adversely impact the our business, results of operations and financial condition.

In addition, as of the Latest Practicable Date, one of our leased properties currently used for office purposes is legally designated as industrial land in its land use right certificate. If the owner of this property is required by government authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. We would not be subject to any penalty therefrom, but we may not be able to continue leasing such property. If we cannot find alternative premise in time, our business, financial condition and results of operations may be adversely affected. As of the Latest Practicable Date, we were not aware of any such rectification request by government authorities. As advised by our PRC Legal Adviser, under relevant PRC laws and regulations, it is the lessor (not the tenants) that will be subject to any administrative punishment or penalties due to the lessors' failure to fulfill the responsibility to ensure that the actual use is consistent with the approved use. Furthermore, if we are unable to continue using such leased properties, the potential relocation will not lead to business disruption or undue burdensome, since we believe we are able to seek alternative leased properties in other areas (if necessary) without material adverse effects on the business operations and the relocation costs are not expected to be significant.

Failure to deal effectively with fraudulent or illegal activities by our employees would harm our business.

Illegal, fraudulent, corrupt or collusive activities or misconduct, whether actual or perceived, by our employees, could subject us to liabilities or negative publicity. There can be no assurance that our policies and internal controls with regard to the review and approval of payment accounts, sales and marketing activities, interactions with business partners and government officials and other relevant matter will prevent fraud or illegal activities or misconduct by our employees or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perceptions of conflicts of interest and rumors, could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. For further information, see "Business — Risk Management and Internal Control." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on their effective implementation by our employees. Due to the significant size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of solutions in the future, the diversification of our solution and service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

We may identify weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the [**REDACTED**] of our H Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

To address any ESG risks, we may incur additional costs, which may materially and adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power and water consumption to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance."

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

RISKS RELATED TO OUR FINANCIAL PROSPECTS

We have incurred net losses and net operating cash outflows throughout the Track Record Period, and we may continue to incur net losses and net operating cash outflows in the near future.

Since our inception, we have incurred net losses. In 2022, 2023 and 2024, we had loss for the years of RMB1,570.3 million, RMB1,837.5 million and RMB1,547.4 million, respectively. The fluctuations of our financial performance during the Track Record Period was primarily attributable to macroeconomic conditions and market dynamics that affects the demand and pricing of our solutions. The increase in loss from 2022 to 2023 was mainly due to (i) a decrease in revenue from sale of solutions resulting from changing macroeconomic conditions and market dynamics that lead to weaker downstream demands for our solutions as well as our price-for-volume market strategy to gain more market share, and (ii) an increase in cost of sales due to an increase in impairment provision made for inventories as market condition deteriorated and the corresponding inventory turnover days increased. We recorded net cash used in operating activities of RMB1,431.0 million, RMB1,250.8 million and RMB780.7 million in 2022, 2023 and 2024, respectively. We expect to incur net losses as well as net cash outflow from operating activities in the near future.

We anticipate that our cost of sales will further increase in the foreseeable future as we continue to grow our business, expand globally with our customers, invest and innovate our key technologies, and further broaden our solutions offerings. Our ability to achieve profitability and generate positive operating cash flow in the future depends on many factors, such as our abilities to:

- design, develop, manufacture and commercialize our solutions and licenses with our customers;
- maintain and expand our customer bases;
- predict and respond to pricing pressures;
- respond to competition in our industry;
- respond to evolving regulatory developments; and
- support our growing operations and for being a public reporting company.

If our revenue does not grow sufficiently, or if increases in our research and development expenses and other operating expenses are not followed by commensurate increases in revenue, our business, results of operations and financial condition may be adversely affected. Additionally, we might not be able to reduce our research and development expenses or our operating expenses, many of which are fixed, if our revenue does not grow at a sufficient rate. Therefore, we cannot assure you that we will achieve profitability or generate positive operating cash flow in the future.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade receivables primarily include amounts due from our customers for solutions in the ordinary course of business. As of December 31, 2022, 2023, and 2024, our trade receivables amounted to RMB673.3 million, RMB766.7 million, and RMB755.8 million, respectively. The credit period granted to our customers was generally within 30 days to 90 days from the date of billing. See "Financial Information — Discussion of Selected Items From Our Consolidated Statements of Financial Position — Assets — Trade Receivables" in this Document.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days increased from 100 days in 2022 to 150 days in 2023, primarily attributable to extended credit period to certain of our major customers. Our trade receivables turnover days decreased to 137 days in 2024. Additionally, the collection of trade receivables are also subject to the product delivery schedules of our project agreed in advance on the case by case basis, which may fluctuate significantly. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We may fail to maintain and predict inventory levels in line with demand for our solutions, which could cause us to face the risk of obsolescence or supply shortage for our inventories.

Our business expansion requires us to manage a large volume of inventory effectively. Our inventories primarily consisted of processing hardware that are in final testing stage or are in the early stage of manufacturing. Our inventories decreased from RMB417.5 million as of December 31, 2022, to RMB328.6 million as of December 31, 2023, and subsequently increased to RMB367.6 million as of December 31, 2024. However, we are exposed inventory obsolescence and inventory shortage risks as a result of a variety of factors beyond our control, including changes of customer needs due to various factors such the overall macroeconomic factors market conditions, as the imposition of new tariffs or adjustments in existing tariffs or trade barriers and the inherent uncertainty of the success of our solutions. We recorded write-down of inventories of RMB32.0 million, RMB207.1 million and RMB283.0 million in 2022, 2023 and 2024, respectively. Such significant write-down of inventories is primarily due to one-off write-down of certain inventories during the Track Record Period used in a type of embodied intelligence solution related to certain earlier generation of intelligent connectivity function due to its accumulation and extended turnover days. Our inventory turnover days increased significantly from 66 days in 2022 to 92 days in 2023, primarily attributable to macroeconomic factors and changing market dynamics that leads to reduced demand for our solutions and, correspondingly, an increase in inventory accumulation and turnover. Our inventory turnover days subsequently decreased to 76 days in 2024 as the market sentiments recovered and sales increased. We cannot ensure that we will always maintain required inventory that matches our customer demand, or our inventory turnover days will not increase in the future. Any additional write-down of inventory or increase in inventory turnover days may adversely affect our business, financial condition and results of operations.

We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. However, we cannot assure you that we can accurately predict these trends and events and avoid understocking or overstocking inventory, or that our inventory management measures will be implemented effectively so that we will not have significant levels of inventory obsolescence, shortage or excess. As a result of unforeseen or sudden events, we may experience slow movement of our inventories, fail to utilize or sell our inventories swiftly, or face the risk of inventory obsolescence or supply shortage, and our business, results of operations, financial condition and prospects may be adversely affected.

We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations and business expansion. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our profitability, overall financial condition and results of operations;
- our market position and competitiveness in the smart device and embodied intelligence solution industry;
- general market conditions for capital-raising activities by our competitors in and outside of China; and
- economic, political and other conditions in China and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity securities or incur additional indebtedness. The sale of additional equity or equity-linked securities could dilute our Shareholders' shareholding interest. The additional indebtedness and related interest expenses could lead to increased debt service obligations and restrict our operations or our ability to pay dividends to our Shareholders due to certain operating and financing covenants.

We experienced slowdowns and declines in our revenue and gross profit margin in the past, and we may continue to experience downward pressure on our operating and profit margins in the future.

Our revenue decreased from RMB1,999.7 million in 2022 to RMB1,752.2 million in 2023 and our gross profit decreased from RMB518.4 million in 2022 to RMB270.2 million in 2023, due to market fluctuations in 2023 that adversely affected the overall demand of our solutions. We could continue to experience a decline in our revenues and gross profits, as a result of a number of factors, including market conditions changes in the mix of our solutions, industry and channel, changes in policy or policy implementation, and increase in market competition for new offerings. We may continue to experience a decline in our revenue or revenue growth rate, if there is a decrease in the rate of adoption for our solutions, services and technologies, or deceleration or decline in demand for our solutions, among other factors. Our gross margin decreased from 25.9% in 2022 to 15.4% in 2023 and our loss for the year increased from RMB1,570.3 million in 2022 to RMB1,837.5 million in 2023. We may continue experience pressure on our gross profit margin and net less from increasing competition, revenue growth slower than expenses, and increased costs from many aspects of our businesses.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses, affect our financial condition and results of operations.

We adopted share incentive plans including share-based compensation for the benefit of our Directors, Supervisors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2022, 2023, and 2024, we incurred equity-settled share-based payment expenses of RMB183.1 million, RMB132.8 million and RMB107.4 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this [**REDACTED**].

Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise and the enterprises established in certain western regions in the PRC under policies issued by relevant tax authorities can be reduced to a preferential rate of 15%. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, we may incur more income tax expenses in the future, which would adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants of RMB34.2 million, RMB53.6 million and RMB99.3 million, in 2022, 2023, and 2024, respectively, which mainly consist of specific subsidies and other subsidies. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other Net Income." We cannot assure you that we will continue to receive and benefit from such grants in the future.

RISKS RELATED TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview — Regulations on Overseas Listing" for details.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

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

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our results of operations, financial performance and business prospects.

We are headquartered in Beijing, China and currently most of our operations are conducted in China. China has implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. China's RISC-V powered solution industry in general is affected by macroeconomic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. We are required to respond to the evolvement in the regulatory environment in China, otherwise our business could be materially affected, and our ability to continue our operations could be affected.

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

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. Most of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon us and most of our Directors, Supervisors and senior management outside the PRC. In addition, investors may also experience difficulties in enforcing judgements due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

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

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

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

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividend to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

We are a PRC enterprise and we are subject to PRC tax on our global income and periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities.

We are a PRC enterprise and we are subject to PRC tax on our global income and periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our results of operations, financial performance and business prospects.

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

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions has expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate unless a lower rate is applicable. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the applicable PRC tax laws and regulations, as well as the interpretation and application of existing applicable PRC tax laws and regulations may be evolving and subject to change. New taxes may be imposed which may materially and adversely affect the value of your investment in our H Shares.

Increases in labor costs, including wages, and failure to comply with the labor laws and regulations in the PRC, could adversely affect our business, financial condition and results of operations.

China's overall economy and the average wage have increased in recent years and are expected to continue growing. Consequently, the average wage level for our employees has also risen. We anticipate that our labor costs, including wages and employee benefits, will continue to increase. Unless we can pass these increased labor costs on to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

Pursuant to the PRC Labor Contract Law (《中華人民共和國勞動合同法》) that became effective in January 2008 and was amended in December 2012 and the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) that became effective in September 2008, employers are subject to several requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. We believe our current practice complies with the Labor Contract Law and its amendments. However, the relevant governmental authorities may take a different view and impose fines on us.

In accordance with relevant PRC laws and regulations, an employer shall pay basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance, maternity insurance (collectively, the "Social Insurance") and housing provident fund (collectively with the Social Insurance, the "Employee Benefits") for its employees in accordance with the rates and bases provided under relevant regulations and shall withhold the Employee Benefits that should be assumed by its employees. Pursuant to the applicable PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to the applicable PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

During the Track Record Period, social insurance for a few employees were not paid in full in accordance with PRC laws. If any of the social insurance authorities is of the view that our contributions to social insurance do not satisfy the requirements under the relevant PRC laws and regulations, we may be ordered to pay the social insurance in arrears within a prescribed period and be subject to an overdue charge of delayed payment amount and penalties as above-mentioned.

In addition, during the Track Record Period, we engaged third-party human resource agencies to pay social insurance and housing provident fund for certain of our employees. We may face the risk of paying additional contribution, late payment fee and/or penalties imposed by the relevant government authorities if the third-party human resource agencies failed to pay the social insurance or housing provident fund for the relevant employees in full amount and/or in a timely manner, or are subject to the challenge on the validity of such arrangements by relevant authorities. As of the Latest Practicable Date, our subsidiaries have obtained the written confirmation issued by the third-party human resource agencies confirming the payment of social insurances and housing fund contributions with respect to such employees, and such employees have issued written undertaking to acknowledge that they are aware of the legal risks of requesting to entrust a third-party human resource agency to pay social insurances and housing fund contributions and bear all the liabilities arising therefrom by himself/herself.

During the Track Record Period and as of the Latest Practicable Date, we were not subject to any administrative action or penalty imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. As of the Latest Practicable Date, we were not aware of any material complaint filed by our employees regarding our social insurance and housing provident fund policy.

In addition, on September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》). This notice promotes the reduction of social insurance contributions by companies to avoid overburdening enterprises and prohibits local authorities from requiring enterprises to make up for historically underpaid or unpaid social insurance contributions in one go. The Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued on November 16, 2018 and the Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》), promulgated by the General Office of the State Council on April 1, 2019, also emphasize that the historical unpaid arrears of enterprises shall be properly treated, or in the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises in a centralized manner.

Based on the foregoing and the credit report from the relevant competent governmental authorities, our PRC Legal Adviser is of the view that if (i) we make timely contributions to social insurance and housing provident fund contributions upon requested by relevant government authorities, and (ii) there is no material changes to current PRC laws and regulations, nor to the practices in policy implementation and local government inspections concerning social insurance and housing provident fund, in the absence of material complaints from our employees, the risk of our subsidiaries being subject to material administrative penalties for failure to make full social insurance or engaging third parties to pay social insurance and housing provident fund contributions is remote.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practice could inadvertently violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATED TO THE [REDACTED]

There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] is the result of negotiations between us and the Overall Coordinators on behalf of the [**REDACTED**], and may differ significantly from the market price for our H Shares following the [**REDACTED**]. We have applied for the [**REDACTED**] of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, or if it does develop, will be sustained following the [**REDACTED**] or that the market price of our H Shares will not decline following the [**REDACTED**].

Furthermore, the price and [**REDACTED**] volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will [**REDACTED**]:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and [**REDACTED**] volume of our H Shares.

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

We cannot assure you that the [**REDACTED**] and volume of our H Shares will remain stable or appreciate over time, and [**REDACTED**] may experience substantial losses. In addition, the volatility in the [**REDACTED**] and volume of our H Shares may also negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

Purchasers of our H Shares in the [REDACTED] will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution. To expand our business, we may consider [**REDACTED**] and issuing additional shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares.

Although our Single Largest Shareholders are subject to restrictions on their sales of H Shares as described in "[**REDACTED**]" in this Document, future sales of a significant number of our H Shares by our Single Largest Shareholders or other existing shareholders in the public market after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure you that our Single Largest Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Single Largest Shareholders or other existing Shareholders, or the Shares available for sale by our Single Largest Shareholders or other existing Shareholders, or the issuance of Shares by our Company may have on the [**REDACTED**] of the H Shares. Sale or issuance of a substantial number of Shares by our Single Largest Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [**REDACTED**] of the H Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We may not be able to pay dividends in the foreseeable future after the [REDACTED].

We may not be able to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividends."

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return to our Shareholders. For details, see "Future Plans and Use of [**REDACTED**] — [**REDACTED**]." However, our management will have discretion as to the actual [**REDACTED**] of our [**REDACTED**]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the [**REDACTED**] from this [**REDACTED**].

Certain facts, forecast and statistics derived from publicly available sources contained in this Document may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this Document, particularly those relating to smart device and embodied intelligence solution industry, from various official government publications. We have not independently verified information and statistics from official government sources. While we have taken reasonable care in the reproduction of the information, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that our market opportunity estimates will materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Document, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

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

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this

Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

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

The [**REDACTED**] is being made solely on the basis of the information and representations contained in this Document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being [**REDACTED**].

[**REDACTED**] should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets, and the demands of advertisers.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Most of our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Company's business operations, it is in our best interests for them to continue to be based where our Company has significant operations; it would not be beneficial to or appropriate for our Company, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Mi Peng and Mr. Lee Leong Yin (李亮賢) (the "**Authorized Representatives**"). Mr. Lee Leong Yin is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong within a reasonable period of time;

(v) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as our Compliance Adviser upon [**REDACTED**] for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the [**REDACTED**] Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;

(vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

(vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(viii) our Company has designated staff members as the communication officers at our headquarters after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for [**REDACTED**] on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

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

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

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Bu Tian (卜天) and Mr. Lee Leong Yin (李亮賢) as our joint company secretaries. See "Directors, Supervisors and Senior Management — Joint Company Secretaries" for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of our Company to have as its joint company secretary, a person such as Ms. Bu Tian, who has been the Board secretary of our Company since May 2022 and has knowledge of the Company's day-to-day affairs. Ms. Bu Tian has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Ms. Bu Tian presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Lee Leong Yin, who is a member of The Hong Kong Chartered Governance Institute and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Bu Tian for an initial period of three years from the [**REDACTED**] to enable Ms. Bu Tian to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Bu Tian may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Mr. Lee Leong Yin, as a joint company secretary of our Company, will work closely with Ms. Bu Tian to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Bu Tian in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Lee Leong Yin will also assist Ms. Bu Tian in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Lee Leong Yin is expected to work closely with Ms. Bu Tian and will maintain regular contact with Ms. Bu Tian, the Directors and the senior management of our Company. In addition, Ms. Bu Tian will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Bu Tian will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Mr. Lee Leong Yin ceases to provide assistance to Ms. Bu Tian as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Bu Tian will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will demonstrate and seek the Exchange's confirmation that, Ms. Bu Tian, having benefited from the assistance of Mr. Lee Leong Yin for the preceding three years, has acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements under Chapter 14A of the Listing Rules in relation to certain continuing connected transactions between us and our connected person. For further details of such continuing connected transactions and the waiver, please refer to the section headed "Connected Transactions" in this Document.

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Dongsheng (王東升)	Room 601, Unit 5, Building 1 Courtyard 1 of Qinglin Road Chaoyang District Beijing PRC	Chinese
Mr. Wang Bo (王波)	4919 Portmarnoch Ct San Jose California United States	American
Mr. Mi Peng (米鵬)	Room 301, Unit 1, Building 8 Courtyard 12 of Tayuan Hutong Xicheng District Beijing PRC	Chinese
Mr. Hu Weihao (胡巍浩)	Room 213, Xiangshui City North District Yangsong Town Huairou District Beijing PRC	Chinese
Non-Executive Directors		
Mr. Li Jiaqing (李家慶)	No.620 Zhongshan West Road Changning District Shanghai PRC	Chinese
Dr. Yu Xinhua (俞信華)	Flat A, 31/F Tower 1 The Palazzo Shatin, New Territories Hong Kong	Chinese

Name	Address	Nationality
Mr. Zhang Shuai (張帥)	Room 802, Unit 6, Building 6 Yuanliu Qingyuan Community Haidian District Beijing PRC	Chinese
Mr. Li Guangning (李光寧)	Room 1701, Building 1, Unit 1 Yanlord Seaside Center Gongbei No. 1 South Lover's Road Xiangzhou District, Zhuhai Guangdong PRC	Chinese

Independent Non-Executive Directors

Mr. Chu Howard Ho Hwa (朱賀華)	Flat A, 28/F, Block 2 Garden Terrace 8A Old Peak Road Mid-Levels Hong Kong	Chinese
Dr. Lyu Wendong (吕文棟)	Room 1-301, Building 17, Zone 5 Middle Construction No. 50 Xingshikou Road Haidian District Beijing PRC	Chinese
Dr. Zhang Chun (張春)	Room 502, Unit 5, Building 5 Shuangqing Yuan Haidian District Beijing PRC	Chinese
Dr. Zhang Xiaojun (張曉君)	Room 106, Building 37 Yandong Yuan Haidian District Beijing PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Sun Dafei (孫達飛)	Room 1801, 15F, Unit 3 Building 1, Yard A2 Caishikou Street Xicheng District Beijing PRC	Chinese
Mr. Liu Shuai (劉帥)	Room 501, Unit 2, Building 4 Yonganli Middle Street Chaoyang District Beijing PRC	Chinese
Mr. Wang Qi (王琪)	No.1-217 Jinghai Times Square Apartment Tongzhou District Beijing PRC	Chinese

For further details on our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong
Sponsor-Overall Coordinators and Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

Legal Advisers to our Company	*As to Hong Kong and U.S. laws* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC laws* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Beijing PRC
Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC laws* **Commerce & Finance Law Offices** 12-15th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing China
Reporting Accountants and Auditor	**KPMG** *Certified Public Accountants* 8th Floor Prince's Building 10 Chater Road Central Hong Kong

Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	Room 101, Floor 1 Building 3, Yard 18 Science and Technology Innovation 10th Street Beijing Economic and Technological Development Area Beijing PRC
Principal Place of Business in Hong Kong	Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**https://www.eswincomputing.com** *(information contained on this website does not form part of this Document)*
Joint Company Secretaries	**Ms. Bu Tian (卜天)** Room 101, Floor 1 Building 3, Yard 18 Science and Technology Innovation 10th Street Beijing Economic and Technological Development Area Beijing PRC **Mr. Lee Leong Yin (李亮賢)** ***(ACG, HKACG)*** Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Mi Peng (米鵬)** Room 301, Unit 1, Building 8 Courtyard 12 of Tayuan Hutong Xicheng District Beijing China **Mr. Lee Leong Yin (李亮賢)** ***(ACG, HKACG)*** Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay

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Audit Committee	Mr. Chu Howard Ho Hwa (朱賀華) *(Chairman)* Dr. Lyu Wendong (呂文棟) Dr. Zhang Xiaojun (張曉君)
Nomination Committee	Mr. Chu Howard Ho Hwa (朱賀華) *(Chairman)* Mr. Wang Dongsheng (王東升) Dr. Zhang Xiaojun (張曉君)
Remuneration Committee	Dr. Lyu Wendong (呂文棟) *(Chairman)* Mr. Wang Dongsheng (王東升) Dr. Zhang Chun (張春)

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The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China's smart device and embodied intelligence solution industry for the use in this Document, which was commissioned by us for a fee of RMB600,000. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China's government policies on on smart device and embodied intelligence solution industries will remain consistent during the forecast period, (iii) global and China's on smart device and embodied intelligence solution industries will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

INTELLIGENT DEVELOPMENT UNDER THE AI ERA

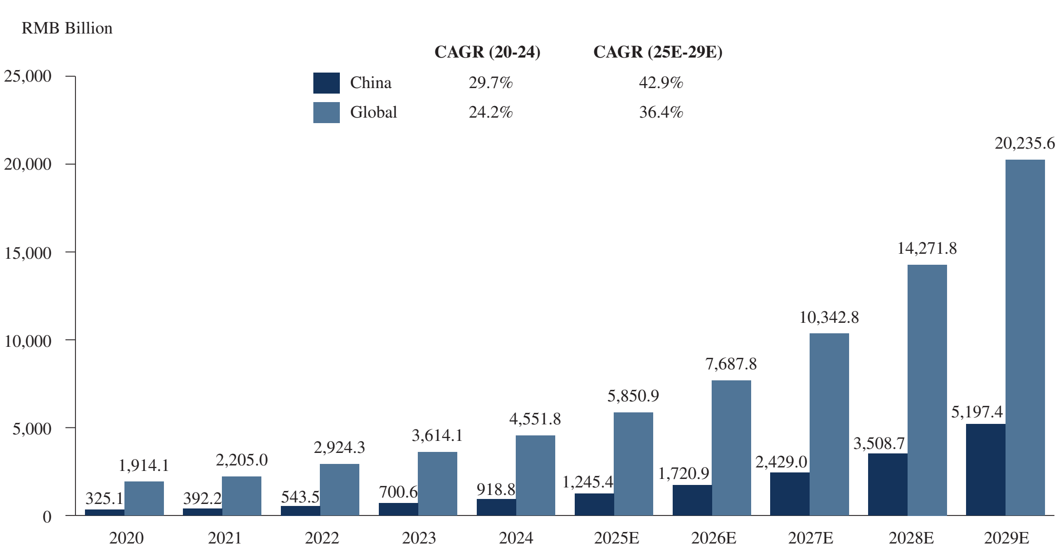
The advent of the AI era has ushered in a new paradigm of technological innovation, fundamentally reshaping industries and redefining the boundaries of intelligent computing. As artificial intelligence continues to permeate every facet of modern life, its applications in smart device and embodied intelligence have emerged as critical drivers of next-generation technological evolution. From intelligent personal devices to intelligent interactive systems and autonomous robots, the demand for high-performance, energy-efficient, and highly customizable computing solutions has been rapidly growing.

In the realm of smart devices, intelligent algorithms are increasingly essential to smart home, smart office, and smart portable devices, enabling more precise user interactions, personalized recommendations, and efficient energy management. Meanwhile, in the field of embodied intelligence, AI-powered robots, intelligent automotive, and industrial scenarios, are redefining traditional computing paradigms by facilitating natural human-machine interaction, real-time environmental perception, and autonomous decision-making. These advancements place higher demands on solutions in terms of performance, energy efficiency, and scalability, accelerating the evolution of underlying hardware architectures.

In this context, traditional architectures often fall short in meeting the diverse and evolving requirements of intelligent applications, particularly in terms of flexibility, cost-effectiveness, and scalability. This has created a compelling need for open and adaptable alternatives that can integrate with the rapidly advancing intelligent ecosystem. Against this backdrop, RISC-V, as an open-standard instruction set architecture, has emerged as a transformative force. Its inherent simplicity, high efficiency and modular design make it uniquely suited to address the customized computational demands, particularly in the realms of smart devices and embodied intelligence, where power consumption, adaptability, and real-time processing are paramount.

Driven by rapid technological advancements, surging investments, and the expanding application of AI across diverse industries, global AI market grew from RMB1,914.1 billion in 2020 to RMB4,551.8 billion in 2024, achieving a CAGR of 24.2% during the period. In the forecast period, it is expected to further reach RMB20,235.6 billion by 2029 with a CAGR of 36.4% from 2025 to 2029. China's AI market is expected to reach RMB5,197.4 billion by 2029 with a CAGR of 42.9% from 2025 to 2029.

Market Size of AI Industry (by revenue), China and Global, 2020-2029E



Source: China Academy of Information and Communication Technology, Frost & Sullivan

ANALYSIS OF RISC-V COMPUTING INDUSTRY

RISC-V is an open-source instruction set architecture (ISA) based on the Reduced Instruction Set Computing (RISC) principles. RISC-V is designed to be simple, modular, and highly extensible, making it suitable for a wide range of applications. Its open-source nature allows industry participants to freely use, modify, and distribute the architecture without licensing fees, fostering innovation and adoption across industries. There are three types of mainstream solution computing architectures, namely x86, ARM, and RISC-V.

Core Values of RISC-V Powered Solutions under the Background of AI Development

- ***Open Ecosystem.*** RISC-V powered solutions embrace an open and inclusive ecosystem, fostering close collaboration among developers, hardware manufacturers, and end users. This openness has fueled growing interest and adoption across diverse industries, establishing RISC-V as a significant player in the evolving computing landscape. It enables industry participants especially solution providers to be free from the commercial limitation of x86 or ARM architectures. As a result, innovation and collaboration are accelerated, with new features and enhancements being rapidly integrated to meet the evolving demands of intelligent workloads and applications. The ability of RISC-V powered solutions to interface with diverse intelligent platforms, from end, edge to cloud devices, further reinforces their flexibility and scalability. As an open system, RISC-V powered solution benefits from a broad community of developers who accelerate innovation by contributing IP module and code resources that are directly accessible to all participants.

- ***Low Power Consumption.*** In the AI landscape, energy efficiency is essential, and RISC-V powered solutions stand out in this regard due to their streamlined and minimalist design, which enables low power consumption without sacrificing performance. The simplified architecture, combined with advanced power management strategies, significantly reduces energy usage, helping to lower operational costs. This advantage is particularly important for cloud processing platforms and portable appliance, where power availability is often constrained or energy consumption minimized is necessary. By minimizing energy requirements through design efficiency, RISC-V powered solutions support sustainable AI development, allowing devices to handle complex tasks while maintaining high energy efficiency and promoting environmental responsibility.

- ***Flexibility and Scalability.*** The open and modular of RISC-V architecture allows developers to tailor solution designs to meet the specific performance, energy efficiency, and functional requirements of various applications. This level of flexibility enables efficient support for a wide spectrum of use cases, from ultra-low-power end devices to high-performance data center devices. Furthermore, its compatibility with a growing ecosystem of software and hardware resources enhances development flexibility and long-term adaptability.

- ***Low Cost.*** Cost efficiency is a core value of RISC-V Powered solutions, making advanced AI technology accessible across various industries. RISC-V is an open standard, allowing industry participants to implement it without the need for licensing fees. RISC-V adheres to the RISC principles and further enhances simplicity, flexibility, and efficiency in instruction implementation and execution. This streamlined design enables easier processing hardware development, reduces system complexity, and supports more straightforward optimization between hardware and software. This affordability encourages widespread adoption, particularly in emerging markets and cost-sensitive applications, such as consumer electronics and smart appliances. The feature of achieving required performance at a lower cost accelerates AI-driven innovation and fosters competitiveness in a rapidly evolving technological landscape. As intelligent algorithms and workloads continue to evolve, RISC-V's architecture advantage ensures that new functionalities can be integrated with minimal disruption, reducing time-to-market and overall system costs.

These core values make RISC-V an ideal foundation for building AI solutions that can keep pace with technological advancements while remaining cost-efficient and highly customizable across diverse industrial and research domains.

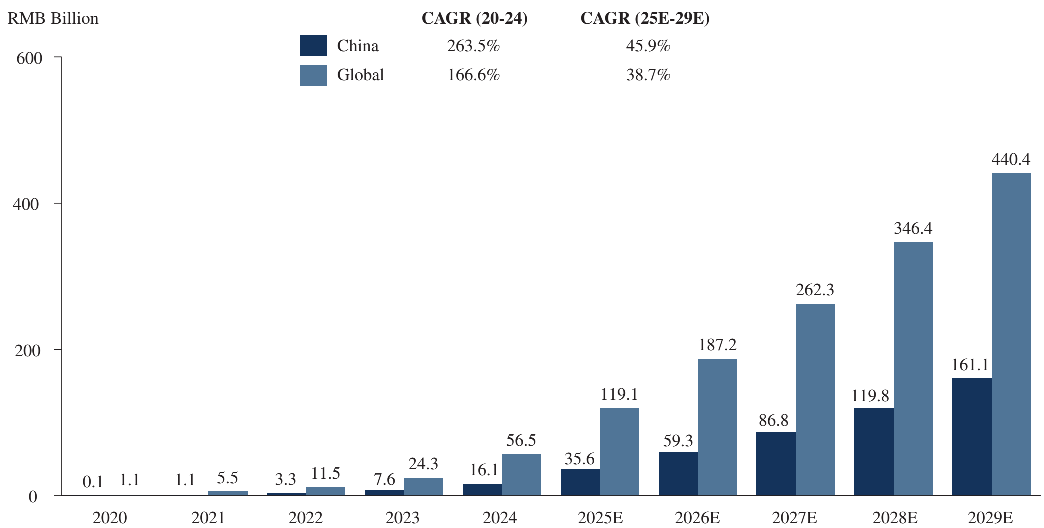
Market Size of RISC-V Powered Solution Market

RISC-V powered solutions refer to RISC-V architecture being used as host processor in the solutions, and are widely deployed across such as smart home devices, smart automotive, industrial automation, and intelligence computing, offering cost-effective and customizable alternatives to traditional architectures. Continuous advancements in RISC-V architecture innovations, have laid a robust technical foundation for its rapid adoption. Concurrently, the proliferation of smart device and embodied intelligence ecosystems have fueled explosive demand for this new computing architecture solutions.

As a result, China's RISC-V powered solution market has grown exponentially, surging from RMB0.1 billion in 2020 to RMB16.1 billion in 2024, achieving a 263.5% CAGR during this period. Looking ahead, the market is projected to maintain rapid growth, reaching RMB161.1 billion by 2029, with a 45.9% CAGR from 2025 to 2029.

The global RISC-V powered solution market has surged from RMB1.1 billion in 2020 to RMB56.5 billion in 2024, achieving a CAGR of 166.6%. Looking ahead, the market is projected to maintain strong momentum, reaching RMB440.4 billion by 2029 with a 38.7% CAGR from 2025 to 2029, driven by high-performance processing adoption and standardization efforts.

Market Size of RISC-V Powered Solution Market, China and Global, 2020-2029E



Source: Frost & Sullivan

Development Trends of RISC-V Powered Solution Market

- ***Increasing Integration of RISC-V Powered Solutions and AI.*** The surge in AI-driven high-performance processing demands and the wide application in consumer electronics are driving RISC-V adoption due to its unique ability to adapt to rapidly evolving AI algorithms. The open-source instruction set of RISC-V allows developers to tune the hardware for specific AI tasks such as adding special math operations or standard/custom instruction extensions, which speeds up the technology improvements. Additionally, the various demand of AI applications aligns with the modular design of RISC-V and the collaborative open-source software community. Thus, RISC-V provides a versatile foundation for AI applications, while fostering innovation through opened community resource and its shared developer tools.

- ***Growing Penetration Rate of RISC-V Powered Solutions.*** The accelerating adoption of RISC-V across smart devices and embodied intelligence is driven by the core advantages of RISC-V, which include an open ecosystem with no license fees, low power consumption, cost-effective customization, and scalability to support various applications. These advantages can help industry participants develop customized products more efficiently while cutting development costs, thus driving up the penetration rate of RISC-V. As solution adoption grows, the RISC-V applications in smart device and embodied intelligence are competing with x86 and ARM architectures.

- ***Increasingly Developed RISC-V Ecosystem.*** The RISC-V ecosystem is entering a phase of rapid expansion, fueled by its open-source foundation and adaptability to various industries. This momentum is accelerated by growing industry support, as tech companies such as Google, Qualcomm, Nvidia, Alibaba and the Company rally behind RISC-V International to unify standards and enhance development tools. Furthermore, for example, the Company also offers RISAA ecosystem & technology platform, which integrates RISC-V with domain-specific IP modules and open software tools, enabling participants' efficient collaboration within the ecosystem to push forward the development of RISC-V ecosystem.

ANALYSIS OF SMART DEVICE SOLUTION INDUSTRY

Definition and Classification of Smart Device Solutions

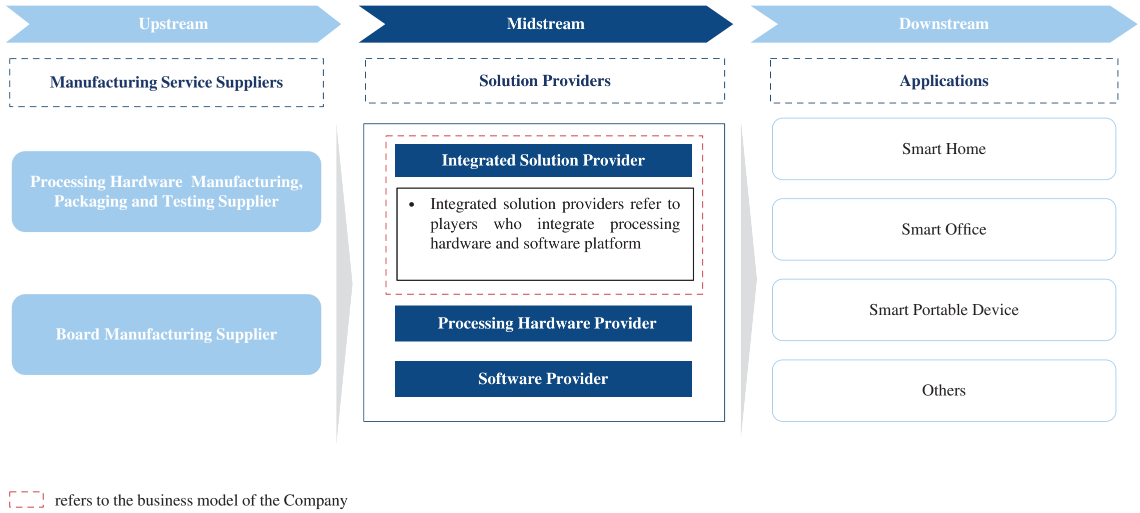
Smart device solution is a systematic solution that optimized for intelligent sensing, connectivity and real-time data processing, enabling seamless interaction and decision-making in devices. It includes a collaborative system of components such as processing hardware, software and algorithms. Smart device solutions are mainly used in smart home, smart office and smart portable scenarios.

Furthermore, AI smart device solution refers to smart device solution that integrate AI technology and can perform complex tasks, and provide intelligent services and interactive experiences. The core is to achieve functions such as autonomous learning, multi-modal interaction, environmental perception and decision optimization through built-in AI algorithms, dedicated hardware and software support, thereby improving user experience and device performance.

Value Chain of Smart Device Solution Industry

Companies in the midstream of the value chain occupy a core position linking upstream service providers and downstream application and clients. There are two types of business models of midstream players, including integrated solution provider who integrate both processing hardware and software platform, and standalone processing hardware or software provider. Major participants in the upstream of the smart device solution industry include processing hardware manufacturing, packaging and testing suppliers and board manufacturing supplier. In the downstream, smart device solutions can be used in a wide range of application scenarios, including smart home, smart office, smart portable devices, etc.

Value Chain of Smart Device Solution Industry



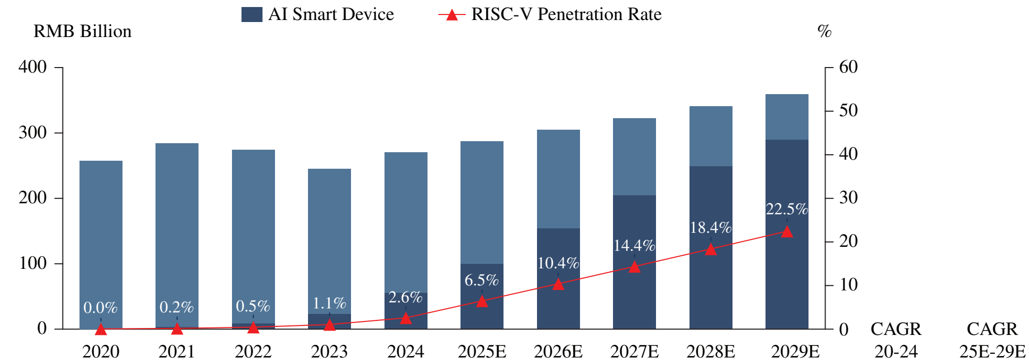
Source: Frost & Sullivan

Market Size of China's Smart Device Solution Market

China's smart device solution market grew moderately from RMB257.1 billion in 2020 to RMB270.7 billion in 2024, with a CAGR of 1.3%, driven by rising demand in applications such as smart portable devices. It is forecasted to grow with a CAGR of 5.8% from RMB287.4 billion in 2025 to RMB359.5 billion in 2029, fueled by further adoption of smart devices in consumer electronics, and emerging smart home solutions. RISC-V penetration rate in the smart device solution market in China grew to 2.6% in 2024, and is expected to reach 22.5% in 2029, as RISC-V architecture gains traction in smart portable devices and other performance-sensitive and power consumption-sensitive applications.

In China's smart device solution market, AI smart device solution market increased from RMB1.2 billion in 2020 to RMB55.2 billion in 2024 with a CAGR of 162.8%, driven by accelerated adoption of smart interaction technologies and breakthroughs in intelligence computing capabilities. It is projected to grow from RMB99.8 billion in 2025 to RMB289.4 billion in 2029 with a CAGR of 30.5%, propelled by expansion across key downstream sectors including smart home systems, intelligent office solutions, and portable intelligent devices.

Market Size of Smart Device Solution Market, China, 2020-2029E



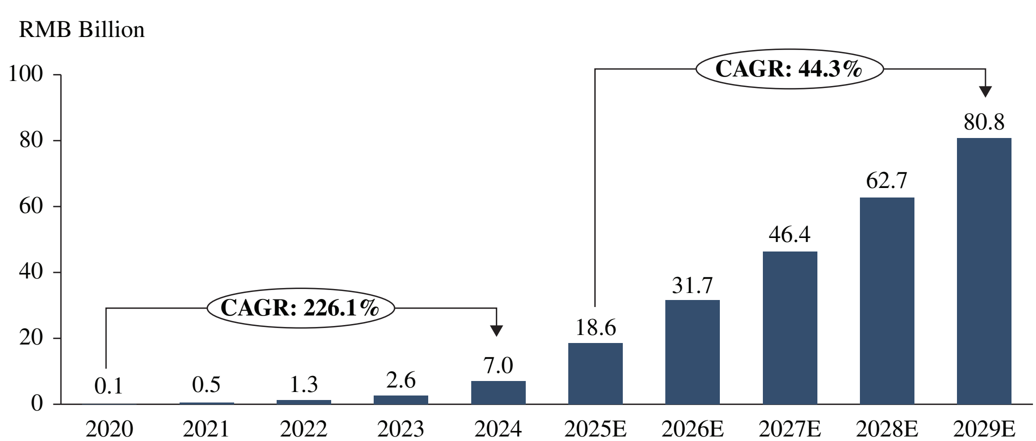
	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 25E-29E
AI Smart Device	1.2	3.6	8.8	22.9	55.2	99.8	154.2	204.9	248.9	289.4	**162.8%**	**30.5%**
Smart Device	257.1	284.5	274.2	245.6	270.7	287.4	304.6	322.3	340.6	359.5	**1.3%**	**5.8%**

Source: Frost & Sullivan

Market Size of China's RISC-V Powered Smart Device Solution Market

Driven by the rapid adoption of RISC-V architecture in China's industry, which offers advantages such as open-source flexibility, cost efficiency, and customization capabilities, the RISC-V powered smart device solution market in China surged from RMB0.1 billion in 2020 to RMB7.0 billion in 2024, achieving a CAGR of 226.1%. It is further expected to increase from RMB18.6 billion in 2025 to RMB80.8 billion in 2029 with a CAGR of 44.3%.

Market Size of RISC-V Powered Smart Device Solutions Market, China, 2020-2029E



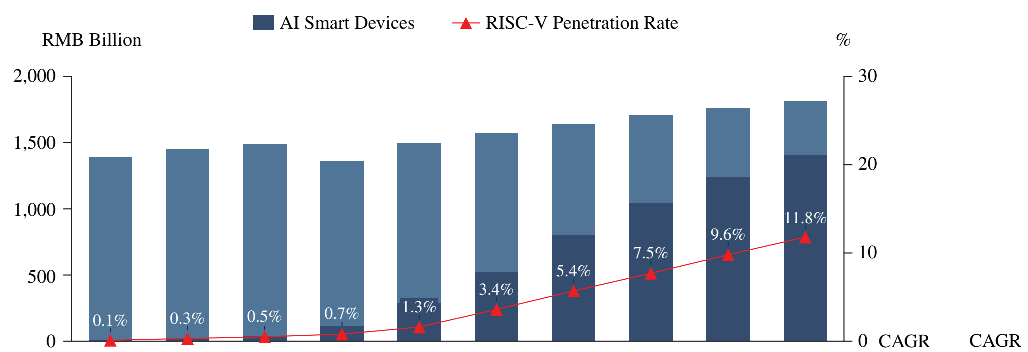
Source: Frost & Sullivan

Market Size of Global Smart Device Solution Market

The global smart device solution market expanded from RMB1,389.4 billion in 2020 to RMB1,493.4 billion in 2024, and to an estimated RMB1,812.3 billion in 2029, with a CAGR of 1.8% during 2020 to 2024 and an improved CAGR of 3.6% from 2025 to 2029. RISC-V penetration rate in the global smart device solution market grew to 1.3% in 2024, and is expected to reach 11.8% in 2029.

In global smart device solution market, AI smart device solution market increased from RMB4.9 billion in 2020 to RMB283.8 billion in 2024 with a CAGR of 176.4%, driven by the global proliferation of hybrid work models and advancements in cloud-edge collaborative computing architectures. It is projected to grow from RMB518.2 billion in 2025 to RMB1,404.6 billion in 2029 with a CAGR of 28.3%

Market Size of Smart Device Solution Market, Global, 2020-2029E



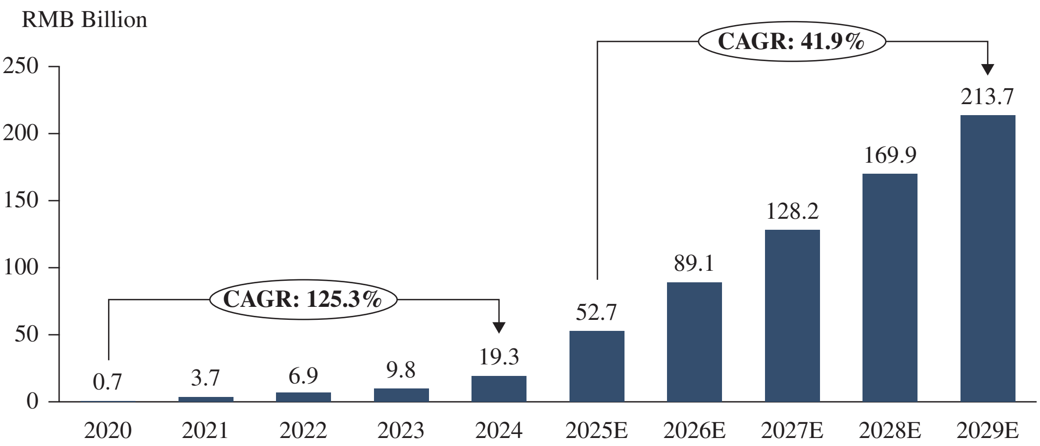
	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 25E-29E
AI Smart Devices	4.9	12.3	36.4	112.5	283.8	518.2	798.3	1,045.1	1,242.3	1,404.6	**176.4%**	**28.3%**
Smart Devices	1,389.4	1,451.9	1,486.8	1,363.7	1,493.4	1,570.5	1,642.5	1,707.6	1,764.7	1,812.3	**1.8%**	**3.6%**

Source: Frost & Sullivan

Market Size of Global RISC-V Powered Smart Device Solution Market

The global RISC-V powered smart device solution market surged from RMB0.7 billion in 2020 to RMB19.3 billion in 2024 with a CAGR of 125.3%, and is projected to reach RMB213.7 billion by 2029 with a CAGR of 41.9% from 2025. This growth underscores the rapid adoption of RISC-V's open-source, cost-effective, and customizable architecture across industries.

Market Size of RISC-V Powered Smart Device Solutions Market, Global, 2020-2029E



Source: Frost & Sullivan

Market Drivers of Smart Device Solution Market

- ***Broader Application of AI in Smart Devices.*** As the key driver of fourth industrial revolution, artificial intelligence has brought efficiency improvement and intelligence development to the smart devices. AI facilitates the automation of daily tasks, reducing manual effort and improving user experience, and the AI-driven personalization tailors devices to individual preferences. For example, AI smart home system can be adaptively adjusted according to user habits and scenarios, and voice control powered by natural language processing allows real-time interaction between users and smart home devices to make daily life more intelligent and convenient. In addition, AI smart office solutions can provide real-time AI applications from creative tools to productivity boosters while ensuring superior privacy through on-device local processing. Driven by the benefits of AI application to smart devices, the replacing and upgrading demand for AI smart devices are expected to drive the growth of smart device market in the forecast period.

- ***Accelerated RISC-V Architecture Penetration.*** As the suitable and matching original architecture for AI and intelligence application, RISC-V powered solution in smart devices is expected to experience an accelerated penetration driven by its core advantages such as low cost, low power consumption, open ecosystem, and flexibility and scalability, which align with the demand for smart devices under the background of AI. The low cost of RISC-V stems from its royalty-free licensing model and modular instruction set architecture, which eliminate upfront licensing fees and minimize long-term manufacturing overhead, and aligns with the economics of cost-sensitive smart terminals. Furthermore, low power consumption is essential for the application of emerging smart devices, which can provide higher computing power under the same energy consumptions.

ANALYSIS OF EMBODIED INTELLIGENCE SOLUTION INDUSTRY

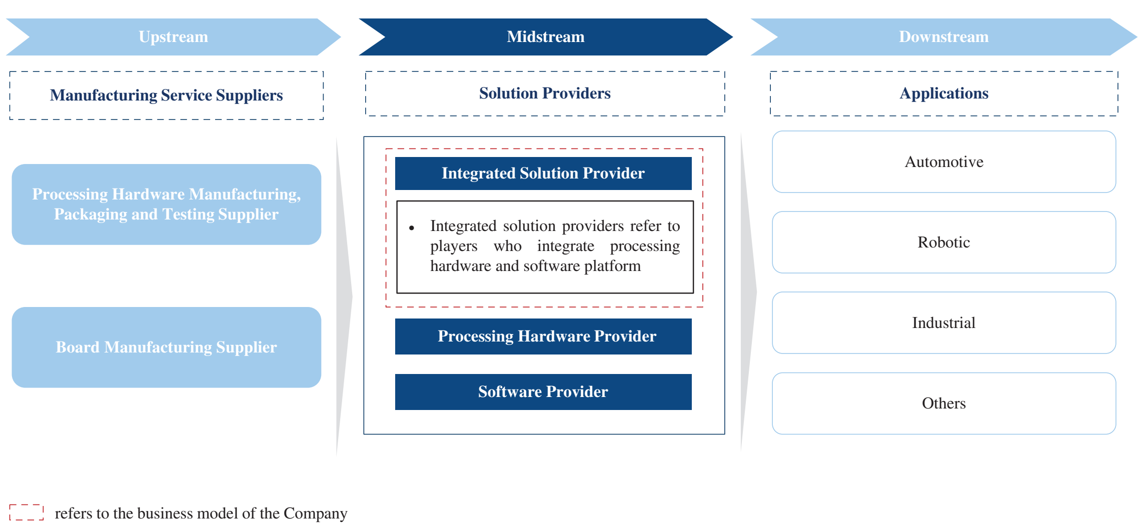
Definition and Classification of Embodied Intelligence Solutions

Embodied intelligence solutions are designed to enable autonomous, decisions and interact with the physical environments by combining sensory perception, control, real-time data processing, and adaptive learning. Embodied intelligence solutions are mainly used in automotive, robotics and industrial scenarios.

Value Chain of Embodied Intelligence Solution Industry

Companies in the midstream of the value chain occupies a core position linking upstream service providers and downstream application and clients. There are two types of business models of midstream players, including integrated solution provider who integrate both processing hardware and software platform, and standalone processing hardware or software provider. Major participants in the upstream of the embodied intelligence solution industry include processing hardware manufacturing, packaging and testing suppliers and board manufacturing supplier. In the downstream, embodied intelligence solutions can be used in a wide range of application scenarios, including automotive, robotics, data centers, communication base stations, etc.

Value Chain of Embodied Intelligence Solution Industry

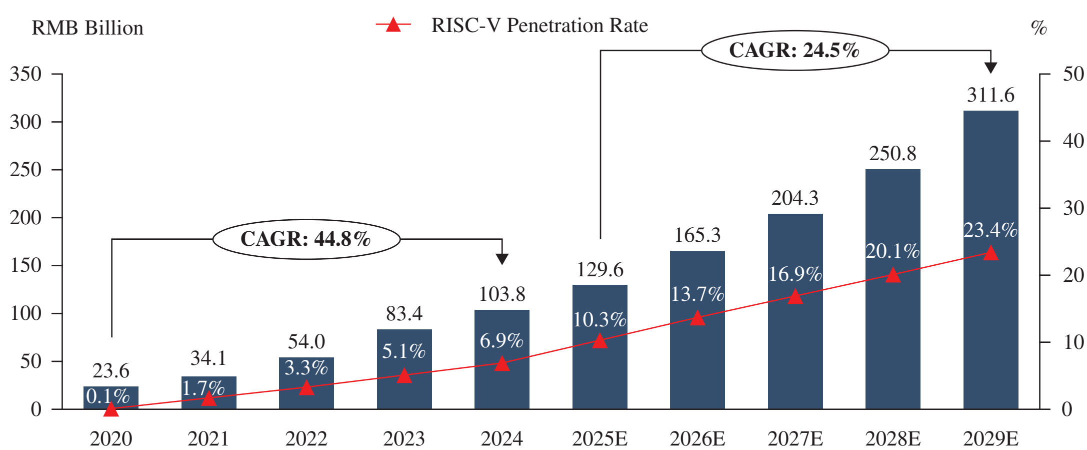


Source: Frost & Sullivan

Market Size of China's Embodied Intelligence Solution Market

The embodied intelligence solution market in China demonstrated robust growth, rising from RMB23.6 billion in 2020 to RMB103.8 billion in 2024, with a CAGR of 44.8%. The market is expected to grow from RMB129.6 billion in 2025 to RMB311.6 billion in 2029, with a CAGR of 24.5%, reflecting sustained demand across industries. RISC-V penetration rate in the embodied intelligence solution market in China grew from 0.1% in 2020 to 6.9% in 2024, and is expected to reach 23.4% in 2029.

Market Size of Embodied Intelligence Solution Market, China, 2020-2029E

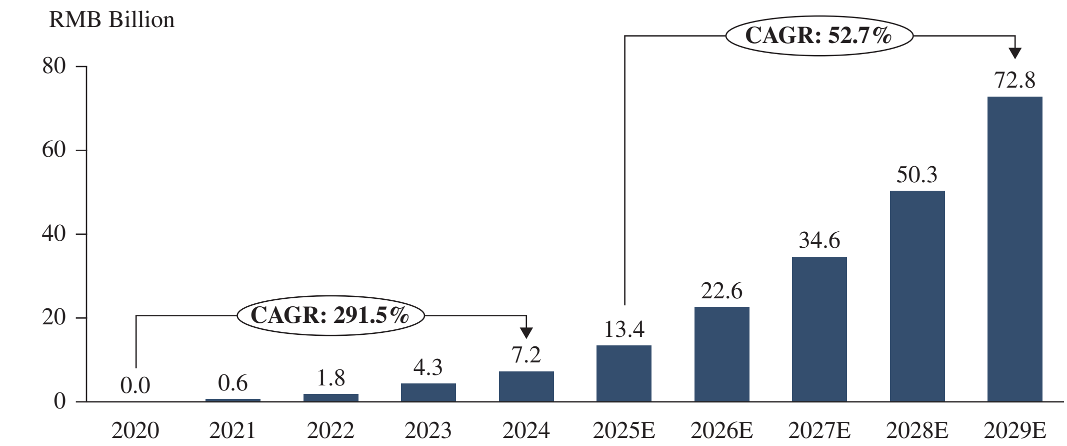


Source: Frost & Sullivan

Market Size of China's RISC-V Powered Embodied Intelligence Solution Market

Driven by the rapid adoption of RISC-V architecture in China, coupled with its advantages in open-source flexibility, cost efficiency, and customization capabilities, the RISC-V powered embodied intelligence solution market in China increased from RMB0.03 billion in 2020 to RMB7.2 billion in 2024, achieving an extraordinary CAGR of 291.5%. The market is projected to expand further from RMB13.4 billion in 2025 to RMB72.8 billion in 2029, with a CAGR of 52.7%.

Market Size of RISC-V Powered Embodied Intelligence Solutions Market, China, 2020-2029E

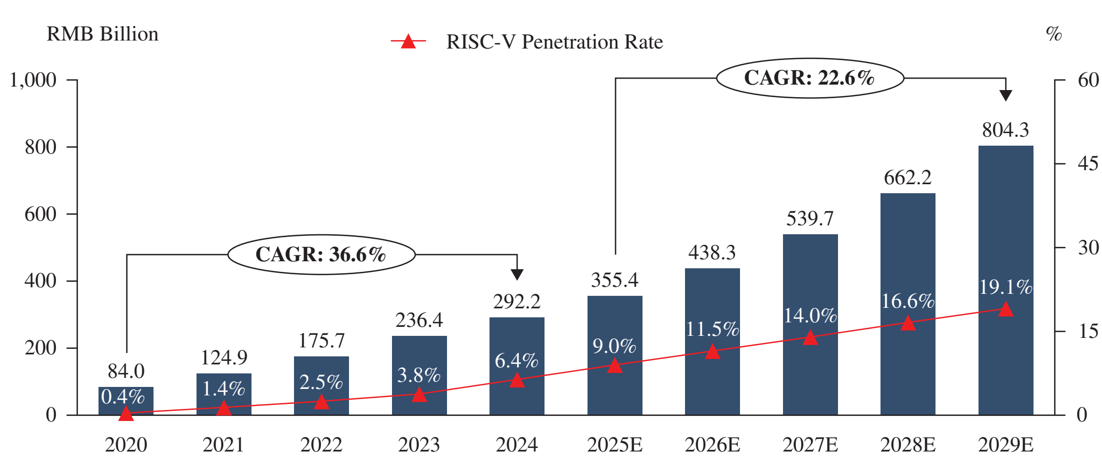


Source: Frost & Sullivan

Market Size of Global Embodied Intelligence Solution Market

Driven by the accelerating adoption of intelligent technologies such as smart automotive, robotics, and industrial scenarios, the global embodied intelligence solution market expanded robustly from RMB84.0 billion in 2020 to RMB292.2 billion in 2024, achieving a CAGR of 36.6%. The market is projected to grow further from RMB355.4 billion in 2025 to RMB804.3 billion in 2029, with a CAGR of 22.6%, reflecting sustained demand across automotive, robotics, and industrial scenarios. RISC-V penetration rate in the global embodied intelligence solution market grew from 0.4% in 2020 to 6.4% in 2024, and is expected to reach 19.1% in 2029.

Market Size of Embodied Intelligence Solution Market, Global, 2020-2029E

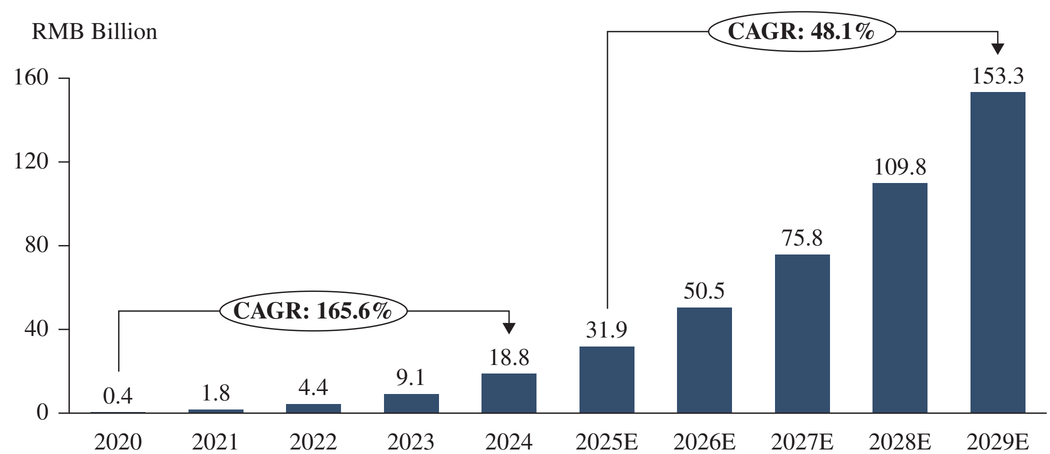


Source: Frost & Sullivan

Market Size of Global RISC-V Powered Embodied Intelligence Solution Market

The global RISC-V powered embodied intelligence solution market emerged as a disruptive force, surging from RMB0.4 billion in 2020 to RMB18.8 billion in 2024 at a CAGR of 165.6%, and is expected to reach RMB153.3 billion by 2029 with a CAGR of 48.1% from 2025. This exponential growth underscores the pivotal role of RISC-V's open-source, flexibility, cost efficiency, and scalability in addressing evolving demands for customizable and energy-efficient solutions.

Market Size of RISC-V Powered Embodied Intelligence Solutions Market, Global, 2020-2029E



Source: Frost & Sullivan

Market Drivers of Embodied Intelligence Solution Market

- ***Rising Demand for Advanced Intelligent Solutions.*** The emergence of embodied intelligence is fundamentally reshaping expectations for intelligent systems, mainly applied in smart automotive, robotics, and industrial scenarios. The rapid advancement of automotive intelligence, driven by breakthroughs in AI, sensor technology, and 5G connectivity, has significantly boosted the penetration of smart automotives. Intelligent applications in automotives, including smart cockpits, are significantly enhancing the driving experience for users and meeting the demand for enhanced safety and connectivity. Additionally, aging populations are creating labor shortages across various sectors. Manufacturing companies are undergoing intelligent upgrades, with more manufacturers adopting intelligent systems or robots to replace manual labor to reduce costs and improve efficiency. This fuels innovations such as intelligent robot and AI-driven production, transforming industrial ecosystems through efficiency-driven intelligent upgrades.

- ***Accelerated RISC-V Architecture Penetration.*** The open ecosystem, flexibility and scalability, low power consumption and low cost of RISC-V architecture make it suitable for embodied intelligence systems requiring hardware customization, energy efficiency, and collaborative innovation. Automotive systems require strict safety and reliability. The open-source architecture of RISC-V makes its underlying architecture more transparent to downstream clients. This design supports rigorous safety verification, making RISC-V more secure for automotive applications. Meanwhile, the open ecosystem fosters cross-industry collaboration. Processing hardware designers, algorithm developers, and solution providers jointly optimize RISC-V based solutions for embodied AI tasks, accelerating prototyping and reducing barriers to designing customized integrated solutions. Besides, the architectural flexibility of RISC-V accelerates adoption in autonomous systems, while reduced licensing barriers empower industry participants to prototype embodied intelligence applications cost-effectively. This customizable and expandable advantage makes it more flexible to adapt to the diverse downstream applications of embodied intelligence.

COMPETITIVE ANALYSIS OF SMART DEVICE SOLUTION AND RISC-V INDUSTRY

Competitive Landscape of Smart Device Solution and RISC-V Market

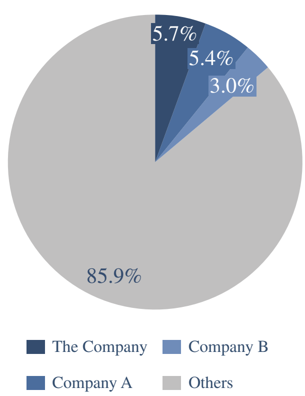
China's smart device solution market is relatively scattered, while the leading players have competitive advantages compared with small-medium scale players. Major domestic players in the industry have established strong market positions through advanced technology, large-scale production capacity, and extensive industry partnerships.

The RISC-V powered solution market in China is increasingly competitive, and major domestic companies are developing rapidly. These companies have strengthened their market presence through technological innovation, robust production capabilities, and strategic collaborations with both domestic and international partners.

Ranking of Domestic Smart Device Human-Machine Interaction Solution Companies in China

The top three domestic players had an aggregate of 14.1% of the market share of smart device human-machine interaction solution industry in terms of revenue in 2024. The Company ranked first among all domestic providers of smart device human-machine interaction solutions in China, with a market share of 5.7% in smart device human-machine interaction solution industry.

Top 3 Domestic Smart Device Human-Machine Interaction Solution Companies* (by revenue), China, 2024



Rank	Company	Sales Revenue (in RMB Billion)	Market Share
1	**The Company**	**1.7**	**5.7%**
2	Company A	1.6	5.4%
3	Company B	0.9	3.0%
	Others	25.3	85.9%
	Total	**29.5**	

Source: Company reports, Frost & Sullivan

**Note:* The solution providers for smart devices with human-machine interaction capabilities refer to players who integrate processing hardware and software platform

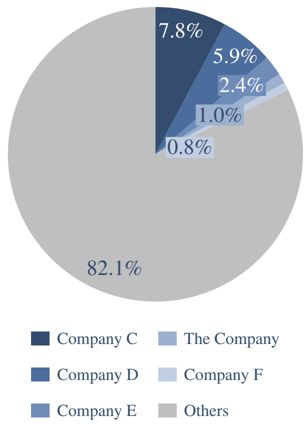
Company A, a domestic private company and primarily offers processing hardware and services solutions.

Company B, a domestic company listed on the A-share Stock Exchange, and primarily offers processing hardware and software solutions for smart devices.

Ranking of Domestic RISC-V Powered Solution Companies in China

The RISC-V powered solution encompasses applications in smart devices and embodied intelligence. The top five domestic players had an aggregate of 17.9% of the market share of RISC-V industry in terms of revenue in 2024. The Company ranked fourth among all domestic providers of RISC-V powered solutions in China, with a market share of 1.0% in RISC-V powered solution industry. Meanwhile, the Company achieved the highest growth rate from 2023 to 2024 in terms of revenue in China among top 5 domestic RISC-V powered solution companies.

Top 5 Domestic RISC-V Powered Solution Companies* (by revenue), China, 2024



Rank	Company	Sales Revenue (in RMB Million)	Market Share	Growth Rate from 2023 to 2024
1	Company C	1,251	7.8%	~210%
2	Company D	951	5.9%	~120%
3	Company E	392	2.4%	~220%
4	**The Company**	**161**	**1.0%**	**401%**
5	Company F	130	0.8%	~190%
	Others	13,228	82.1%	
	Total	**16,113**		

Source: Company reports, Frost & Sullivan

**Note:* The revenue excludes IP module licensing related revenue.

Company C, a domestic company listed on the A-share Stock Exchange, and primarily offers wireless audio processing hardware.

Company D, a domestic company listed on the A-share Stock Exchange, and primarily offers IoT solutions.

Company E, a domestic company listed on the A-share Stock Exchange, and primarily offers processing hardware for intelligent video.

Company F, a domestic private company, and primarily offers processing hardware for consumer electronics.

Ranking of Fully Customized RISC-V Powered Solution Companies in China

The Company ranked the first among all domestic providers of fully customized RISC-V powered solutions in China in terms of the related revenue in 2024.

Top 3 Domestic Fully Customized RISC-V Powered Solution Companies* (by revenue), China, 2024

Rank	Company	Sales Revenue (in RMB Million)
1	**The Company**	103
2	Company D	95
3	Company C	63

Source: Company reports, Frost & Sullivan

**Note:* The revenue excludes IP module licensing related revenue. Fully customized RISC-V powered solution refers to the customized solutions for specific clients.

Entry Barriers of Smart Device and Embodied Intelligence Solution Market

- ***Technology Barrier.*** The smart device and embodied intelligence solution market has high entry barriers, characterized by a complex and extensive value chain covering both hardware and software across multiple disciplines, requiring advanced expertise in processing hardware design, manufacturing, and optimization. Developing high-performance solutions involves mastering complex architectures, low-power design, and compatibility with various communication protocols. Moreover, AI-driven processing and security features demand continuous innovation. Companies need to invest heavily in R&D to enhance solution efficiency, reduce latency, and improve integration with evolving software ecosystems. Additionally, obtaining essential patents and overcoming IP module restrictions pose significant challenges for new entrants. Without a strong technical foundation and sustained innovation capability, it is difficult to compete with established players that dominate the market with proprietary technologies and optimized supply chains.

- ***Customer Barrier.*** Smart device and embodied intelligence solutions are deeply integrated into manufacturers' hardware and software ecosystems, making it challenging for customers to switch suppliers. Established solution providers offer extensive technical support, software development kits (SDKs), and ecosystem compatibility, ensuring seamless integration with existing platforms. Additionally, long-term supply agreements and customized solutions strengthen customer loyalty. Switching to a new solution supplier often requires significant software adaptation, testing, and validation, leading to high costs and potential risks in performance stability. Customers often authorize strategic partnering suppliers to use their IP modules and technologies for fully customized or semi-customized solutions, creating customer stickiness and raising barriers for supplier replacement. As a result, customers tend to maintain strong relationships with incumbent suppliers, making market entry difficult for new players without differentiated technological advantages or compelling cost benefits.

- ***Capital Barrier.*** The development and production of smart device and embodied intelligence solutions require substantial financial investment across multiple stages, including design, prototyping, and mass manufacturing. Advanced solution fabrication demands cutting-edge processing hardware processes, which involve costly manufacturing costs. Beyond manufacturing, companies need to invest in software optimization, quality assurance, and regulatory compliance. Significant investment and long development cycles are required to achieve competitive and integrated offerings in the smart device and embodied intelligence solution market. Since solution development cycles are lengthy and capital-intensive, new entrants face high risks, especially if they lack financial backing for sustained investment. Established players benefit from economies of scale, allowing them to maintain cost advantages and continuously enhance their product offerings.

Entry Barriers of RISC-V Powered Solution Market

- ***Technology Barrier.*** While RISC-V's open-source nature eliminates licensing costs, solution design remains highly complex and technically demanding. Companies entering the market must have strong expertise in architecture optimization, instruction set extensions, energy efficiency, and security enhancements to develop competitive products. Compared with ARM and x86, which have mature ecosystems with well-established software and hardware compatibility, RISC-V is still evolving, making it challenging to ensure seamless integration across different platforms. Additionally, achieving high performance while maintaining low power consumption and cost efficiency requires extensive research and development. New entrants must invest heavily in refining solution design, optimizing performance, and ensuring compatibility with existing software and hardware ecosystems to compete effectively in the market.

- ***Talent Barrier.*** The processing hardware industry demands a highly skilled workforce with expertise in solution architecture and microarchitecture design, verification, and manufacturing. RISC-V, being a relatively new and rapidly evolving instruction set, lacks a deep talent pool compared to established architectures such as ARM and x86. Engineers proficient in RISC-V design and optimization are scarce, making recruitment and training a significant challenge for new market entrants. Additionally, solution development involves multiple stages, from hardware design and verification to fabrication, each requiring specialized knowledge. New entrants must allocate substantial resources to attract experienced engineers, develop internal training programs, and build strong R&D teams capable of keeping up with rapid technological advancements in the processing hardware industry.

- ***Ecosystem Barrier.*** While RISC-V's open-source nature provides flexibility, the lack of a fully developed software stack, optimized toolchains, and extensive third-party IP module support presents a major challenge for new entrants. Companies must invest in ecosystem development, including compiler tools, operating system adaptations, middleware, and application software optimization, to create a seamless user experience. Additionally, fostering partnerships with software developers, hardware manufacturers, and industry organizations is crucial to accelerating adoption. Without a robust ecosystem, even a well-designed RISC-V powered solution may struggle to achieve market penetration, making ecosystem development a critical entry barrier for new players.

OVERVIEW

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section sets out a summary of relevant laws and regulations that may have a material impact on our business.

REGULATIONS ON FOREIGN INVESTMENT

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") issued the Company Law of the PRC (《公司法》) (the "**Company Law**"), which was lasted amended on December 29, 2023, and came into effect on July 1, 2024. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. The revisions mainly focus on refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, modifying the capital system of companies, strengthening the responsibilities of controlling shareholders and the management level, strengthening the social responsibilities of companies and etc. Unless otherwise provided in the PRC foreign investment laws, the provisions in the Company Law shall prevail.

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**"), and the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), and together with the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and its respective implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by National People's Congress (the "**NPC**") and came into effect on January 1, 2020. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, and the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**"), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On September 6, 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**") which came into effect on November 1, 2024. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments. The 2024 Negative List sets out 29 industries which foreign investments are prohibited or restricted.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office, which is set up in the NDRC and led by the NDRC and MOFCOM, prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in. On December 30, 2019, the MOFCOM and the State Administration for Market Regulation (the "SAMR") issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, since January 1, 2020, for carrying out investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

REGULATIONS ON OVERSEAS DIRECT INVESTMENT

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the State Administration of Foreign Exchange of the PRC (the "**SAFE**") on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas direct investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and came into effect on June 1, 2015, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or approval management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to approval management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees, either directly or indirectly through overseas enterprises controlled by them, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China or overseas enterprises controlled by them is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, matters on foreign exchange administration in China can be divided into current accounts (such as trade-related income and expenses and payments of interest and dividends) and capital accounts (such as direct equity investment, loans and divestment). Funds under current accounts or capital accounts can only be remitted in or out after going through foreign exchange (such as settlement or purchase) related procedures or even upon obtaining necessary permits and reasonable review.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**Circular 59**"), which was promulgated by the SAFE on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

On May 10, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**Circular 21**"), which became effective on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

Pursuant to the Notice on Issues Concerning the Administration of Foreign Exchange in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same date, a domestic company shall, within 15 working days from the date of the end of its overseas listing, register the overseas listing with the administration of foreign exchange at the place of its establishment. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the relevant content included in the prospectus document and other disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which was promulgated on March 30, 2015, became effective on June 1, 2015, and partially abolished on December 30, 2019 and latest amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis based on the actual needs of their business operations. Foreign invested enterprises are prohibited from using the foreign exchange capital settled in RMB: (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment (unless otherwise stipulated by laws and regulations); (3) to provide entrusted loans (unless permitted in the business scope), repay inter-company loans (including advances to third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estate not for self-use purposes (save for real estate enterprises). Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policies of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated and implemented by the SAFE on June 9, 2016 and partially amended on December 4, 2023, discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds, and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

On January 26, 2017, the SAFE issued and implemented on the same date the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Management Reform (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) (the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (1) when handling remittance of profit at an amount of over US$50,000 for domestic institutions, banks shall review board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements to check if the transactions are genuine; and (2) domestic entities shall make up for previous years' losses before remitting the profits. In addition, pursuant to Circular 3, domestic entities shall make detailed explanations to the bank in respect of the sources of the capital and its utilization arrangements, and provide board resolutions, contracts, and other supporting materials when undergoing the filing procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which became effective on the same date (except for Clause 2 of Article 8, which became effective on January 1, 2020), and partly amended on December 4, 2023. The Notice cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot areas are also allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts.

According to the Notice on Optimizing Foreign Exchange Management to Support the Development of Foreign Businesses (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to use revenue under capital accounts, such as capital funds, foreign debt offering proceeds, and remitted foreign listing proceeds for domestic payments without providing supporting materials to the bank in advance for authenticity verification; provided that the use of funds should be true, in compliance with applicable rules and conforming to the current administrative regulations for use of revenue from capital accounts. Relevant banks should conduct spot checks in accordance with relevant provisions.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the State shall safeguard the sovereignty, security and development interests of the State cyberspace, and that the State shall establish a national security review and supervision system to review foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which became effective on June 1,2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. For example, a network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1,2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On September 24, 2024, the the State Council promulgated the Cyber Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025, stipulates that cyber data handlers who carry out cyber data handling activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the cyber data handling activities conducted by cyber data handlers in the view of personal data protection, important data safety, cross-border data transfer safety management and obligations of network platform service provider. Cyber data handlers shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform cyber data handlers or make public announcements. Cyber data handlers shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall designate persons in charge of cyber data security and establish cyber data security management institutions. Cyber data security management institutions shall fulfill their responsibilities for cyber data security protection. Handlers of important data shall conduct risk assessments of their cyber data handling activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures applies to all processors of data and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Security Assessment Measures provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where important data is transferred to an overseas recipient; (ii) where personal information is transferred to an overseas recipient by a CIIO or a data processor who has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On December 8, 2022, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the "**MIIT Data Security Measures**"), which came into effect on January 1, 2023. The MIIT Data Security Measures is applicable to the processing activities carried out in the territory of the PRC of data in the field of industry and information technology, which include, among other things, the data collected and generated in the course of research, development and design, production and manufacturing, operation and management, operating and maintenance and platform operation in the field of industry. Our processing activities in the PRC of such data, for example, the data collected and generated during our research and development, design and manufacturing of our products therefore shall comply with the MIIT Data Security Measures. The MIIT Data Security Measures provides that industrial and telecommunication data processors shall implement data classification and grading, and further imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include, among others, taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide several exemptions to processors of data which exempt them from undergoing data security assessment, obtaining personal information protection certification, or entering into standard contracts for outbound transfer of personal information for businesses. These exemptions include scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information, or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

As of the Latest Practicable Date, we had not been notified of being classified as a CIIO, and had not received any inquiry, notice, warning, or sanction regarding cybersecurity review; the term "listing abroad" under the Cybersecurity Review Measures does not apply to listing in Hong Kong, hence we are not subjected to initiating a submission for cybersecurity review or conducting other additional mandatory obligations for our proposed [**REDACTED**] in Hong Kong in accordance with the Cybersecurity Review Measures.

REGULATIONS ON ANTI-UNFAIR COMPETITION

The Countering Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993, and effective from December 1, 1993, with its most recent amendment becoming operative on April 23, 2019, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors. According to the aforementioned law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts, or exerting undue influence on counterpart units or personnel to secure commercial opportunities or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 7 of the Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB3,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence. The Countering Unfair Competition Law of the PRC underscores the commitment of the PRC to fostering a competitive market environment characterized by integrity, fairness, and adherence to ethical business practices.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated and effective on December 26, 1989, and most recently amended on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law and other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021, entities that engage in production and business operation activities in PRC shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

REGULATIONS ON LEASED PROPERTIES

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to the Administrative Measures for Commercial Housing Leases (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) department of the People's Government of the centrally-administered municipality, municipality or county where the leased property is located. Entities Failure to complete the relevant lease registration after being ordered to make corrections by the competent department may subject the parties to the lease agreement a fine between RMB1,000 to RMB10,000. In addition, if neither the lessor nor the lessee has completed the leasing registration and filing formalities for the lease contract in accordance with laws and administrative regulations, it shall not affect the validity of the contract.

REGULATIONS ON TAX

Enterprise Income Tax

According to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**Corporate Income Tax Law**") (last amended and became effective on December 29, 2018), and the Implementation Regulations for the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Regulations for the Corporate Income Tax Law**") (last amended on December 6, 2024), all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%, except for the high-tech enterprises provided by the state, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced enterprise income tax rate of 20%.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (last amended and became effective on November 19, 2017) and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》), which was promulgated on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods, provision of processing services, repairs and replacement services and the importation of goods are required to pay value-added tax (the "**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is usually 17%, and in certain limited circumstances is 11% or 6%, subject to the situation involved.

In accordance with Notice of the Ministry of Finance and the State Taxation Administration of the PRC (the "**STA**") on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which became effective on May 1, 2018, the deduction rates of 17% or 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% or 10%.

According to Announcement on Policies for Deepening the VAT Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 of the Ministry of Finance, the STA and the General Administration of Customs, became effective on April 1, 2019), for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

REGULATIONS ON DIVIDEND DISTRIBUTION

The Company Law and the Foreign Investment Law are the main laws and regulations regulating the dividend distribution of foreign-invested enterprises in the PRC. According to the regulatory mechanism provided by the abovementioned laws, a foreign-invested enterprise in the PRC may only pay dividends out of accumulated profits (if any) determined in accordance with the PRC accounting standards and regulations. The PRC companies (including foreign-invested enterprises) are required to draw at least 10% of their after-tax profits into the statutory reserve fund until the relevant reserve fund reaches 50% of their registered capital, except as otherwise provided by the laws on foreign investment; and no profit shall be distributed before making up any loss in the previous fiscal years. Retained profits for previous fiscal years may be distributed together with distributable profits for the current fiscal year.

REGULATIONS ON PRODUCT QUALITY

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, and came into effect on the same date, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to request either the manufacturer or the commercial seller to undertake the tort liability such as stopping the infringement, removing the obstruction and eliminating the danger.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002 and last amended on March 10, 2024, and came into effect on May 1, 2024, the import and export of goods are generally allowed by the mainland China government, but the prohibitions or restrictions explicitly stipulated in the laws or administrative regulations shall still be complied with during the conduct of import and export of goods by individuals or entities. According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC, on May 12, 1994, which came into effect on July 1, 1994 and lately amended with immediate effect on December 30, 2022, and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) lately revised by the MOFCOM on May 10, 2021 and effective on the same date, unless otherwise provided by laws and regulations, the mainland China government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. The authorities have canceled the requirements to file records and register formalities for foreign trade operators engaging in the import or export of goods or technology with the MOFCOM or the agency entrusted from December 30, 2022.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Labor Law and Labor Contracts

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) (last amended and became effective on December 29, 2018), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (last amended on December 28, 2012 and became effective on July 1, 2013) and the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (promulgated and became effective on September 18, 2008), an employer unit shall establish and improve its rules and regulations in accordance with the law in order to ensure that workers enjoy labor rights and perform labor obligations. A written labor contract is required when an employment relationship is established between an employer and an employee. A labor contract shall include the following clauses: term of labor contract; working hours and rest periods and off days; labor remuneration; social security; labor protection, working conditions and occupational hazard prevention and protection; and any other matters to be included in a labor contract as stipulated by the laws and regulations. Violations of the laws and regulations above may result in the imposition of fines and other administrative penalties. For serious violations, criminal liability may arise.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (last amended and became effective on December 29, 2018), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (last amended and became effective on March 24, 2019), the Unemployment Insurance Regulations (《失業保險條例》) effective in 1999 and the Regulations on Work-related Injury Insurance (《工傷保險條例》) (last amended on December 20, 2010 and became effective on January 1, 2011), the state shall establish social security systems such as basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, family planning insurance, and more, to protect the rights of citizens for obtaining material assistance from the state and the society pursuant to the law in the circumstances of old age, illness, work injury, unemployment, family planning, and more. Employers shall pay work-related injury insurance premiums and maternity insurance premiums. Basic pension insurance premiums, basic medical insurance premiums, and unemployment insurance premiums shall be paid jointly by employers and employees. Employers which failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000.

Housing Provident Fund

Pursuant to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) (last amended and became effective on March 24, 2019), an employer shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its employees. Employers and employees are also required to pay and deposit housing provident funds, in case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing provident fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

Where, in violation of the provisions of the Regulations, an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON STOCK INCENTIVE PLANS

In February 15, 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which became effective on the same date, replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents or non-PRC citizens that reside in PRC for a continuous period of not less than one year who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, works of PRC citizens, legal persons or other organizations shall, regardless of whether they have been published be entitled to the copyright pursuant to this law. The rights a copyright owner has included but not limited to the following rights of the person and property rights: the right of publication, right of authorship, right of modification, right of integrity, right of reproduction, distribution right, rental right, right of information network dissemination, translation right and right of compilation. Under the Copyright Law, the term of protection for copyrighted software is 50 years.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Regulation on Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》), promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and became effective on May 1, 2014, any trademark which is registered with the approval of the Trademark Office is a registered trademark, including commodity trademark, service trademark, collective trademark, certification trademark, and the trademark registrant has the exclusive right to use a registered trademark and such right is protected by law. A registered trademark is valid for a period of ten years commencing from the date on which the registration is approved, and may be renewed for consecutive ten-year periods upon request by the trademark owner. For trademark licensing, the licensor shall submit the license contract to the Trademark Office for recordal and provide the required materials within the term of the license agreement. The unauthorized use of a trademark that is similar to a registered trademark on identical goods, or the use of a trademark that is identical or similar to a registered trademark on similar goods, which is likely to cause confusion, shall constitute an infringement of the exclusive right to use the registered trademark.

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and the Rules for the Implementation of Patent Law of the PRC (《中華人民共和國專利法實施細則》), last amended on December 11, 2023 and became effective on January 20, 2024, after the grant of the patent right for inventions and utility models, except otherwise regulated under the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit such patent, that is no manufacture, use, offer to sell, sell or import the patented product, or use the patented process and use, offer to sell, sell or import products directly obtained from such patented process, for production or business purpose. After the patent right is granted for a design, no unit or individual shall, without the authorization of the patent owner, exploit such patent, that is to manufacture, offer to sell, sell, or import any product containing such patented design for production or business purposes. Where infringement has been established, the infringer shall, in accordance with the relevant regulations, be ordered to cease the infringement activities, take corrective actions, and compensate for losses.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, domain name registrations are handled through domain name service agencies established under relevant regulations, and the applicant becomes a domain name holder upon successful registration.

Design of Integrated Circuit Layouts

On April 2, 2001 the State Council promulgated the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》) (the "**Regulations on the Protection**"). According to the Regulations on the Protection, the owner of an integrated circuit layout design has exclusive rights to the design, so long as they comply with the provisions of the Regulations on the Protection, which protects the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology, and promotes the development of science and technology. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

REGULATIONS ON OVERSEAS LISTING

On July 6, 2021, the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council, among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and related implementation guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering. Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within 3 working days after occurrence of the changes.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the state. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS ON THE H SHARE FULL CIRCULATION

Full circulation means listing and circulation on the Stock Exchange of the domestic Unlisted Shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and Unlisted Shares held by foreign shareholders) of H-share companies. On November 14, 2019, the CSRC issued the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》), which was amended on August 10, 2023, allowing certain qualified H-share companies and H-share companies intended for listing to apply to the CSRC for full circulation. According to the Guidelines for the Full Circulation Program for Domestic Unlisted Shares of H-share Companies, shareholders of domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, with filing to the CSRC by an H-share company commissioned for this purpose. After the application for full circulation has been filed by the CSRC, an H-share company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

According to the Guide for "Full Circulation" Business of H Shares (《H股"全流通"業務指南》) issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (the "**CSDCC Shenzhen Branch**") on September 20, 2024 and became effective on September 23, 2024, the H-share companies shall transfer the full amount of cash dividends in RMB to the bank account of CSDCC Shenzhen Branch before 16:00 on the distribution date of cash dividends as published in the announcement. The CSDCC Shenzhen Branch shall complete clearing of the dividend funds within three H-share "full circulation" working days after the distribution date of cash dividends as published in the announcement, and then the dividend funds will be released to domestic securities companies, and the domestic securities companies will release the dividend funds to the investors.

According to the Overseas Listing Trial Measures, issued by the CSRC on February 17, 2023, and effective from March 31, 2023, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

OVERVIEW

We are a pioneer in driving the universal intelligence transformation in the AI era. Focusing on smart device and embodied intelligence as our two core application scenarios, we adopt next-generation RISC-V computing architecture, innovate domain specific algorithms and IP modules, and construct efficient and open software-hardware platforms to deliver highly competitive system-level solutions for customers worldwide.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2019 . .	Our Company was established in Beijing, PRC.
	We established a Central Research Institute dedicated to the research of RISC-V computing architecture, high-speed interfaces, and foundational IP modules for the AI era.
2020 . .	We have established partnerships with industry leading customers to deliver customized solutions, benefiting from our flexible collaboration models from fully customerized solutions to industry customerized solutions.
2021 . .	We set an edge and automotive strategic focus strategy and emphasized a system-level solution business model for value creation.
	We delivered our first 32-bit RISC-V powered processing hardware IP module and developed image processing IP modules.
	We initiated RISC-V powered AI processing hardware development program.
2022 . .	Our flagship solution generated more than RMB100 million revenue.
	We initiated our automobile RISC-V powered processing hardware development program.
	We have commenced mass production of customized RISC-V powered multimedia processing solutions for leading smart device manufacturers in the industry.
	We have secured a 5G small-cell RF processing solution design contract with a leading telecommunications operator.

Time	Milestone
2023 . .	We delivered our first 64-bit RISC-V powered processing hardware IP module. We secured design contracts for fully customized V2X processing hardware solution. We initiated high performance RISC-V research and development program.
2024 . .	We hosted our first Developer Partners Conference and officially launched the RISAA Ecosystem & Technology Platform. We entered mass production of high-performance RISC-V powered edge computing solutions, multi-purpose intelligent computing solutions and processing hardware solutions for smart retail.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period. All of our major subsidiaries are established in the PRC and wholly owned by our Company.

Name of subsidiary	Date of establishment and commencement of business	Principal businesses
ESWIN Hefei	August 10, 2016	The R&D of human-machine interaction solutions, multimedia processing and intelligent computing (software); product sales and delivery; operations of the supply chain and engineering team
ESWIN Haining	June 26, 2019	The R&D of intelligent control, RISC-V cores and intelligent cockpit; operations of the supply chain and engineering team
ESWIN Xi'an	August 31, 2021	The R&D of intelligent connectivity, multimedia processing, RISC-V cores and intelligence computing; operations of the supply chain and engineering team

There has been no change of shareholdings in ESWIN Hefei, ESWIN Haining, and ESWIN Xi'an during the Track Record Period and up to the Latest Practicable Date.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

Our businesses were established in 2018 and were managed and operated under the Predecessor Company since its establishment. In 2019, considering that mixed business operation was not conducive to market-oriented financing and specialized development, the Predecessor Company implemented reorganization and split its businesses into four companies (including our Company and three other companies which are not in the Group), with each company undertaking different principal businesses, including system level solution business, 12-inch silicon wafers business, board-level system sealing and testing business as well as display driver chip sealing and testing business, so that they could develop and finance independently and accumulate their core competitiveness in the respective fields. The shareholding structures of our Company and the other three companies were the same with the Predecessor Company before the reorgnization. Our Company was established in September 2019 to operate the system-level solution business originally managed under the Predecessor Company. After the aforesaid reorganization of the Predecessor Company and our establishment, we were held by ESWIN Group, Beijing Singularity Power Investment Fund (L.P.) (北京芯動能投資基金(有限合夥)),Tianjin Bosi Zongheng Equity Investment Partnership Enterprise (L.P.) (天津博思縱橫股權投資合夥企業(有限合夥), Xianning Sanxing Zhiying Asset Management Center (L.P.) (咸寧三行智瀛資產管理中心(有限合夥)) and Zhangjiagang Broad Vision Funds Venture Investment Partnership Enterprise (L.P.) (張家港博華創業投資合夥企業(有限合夥)) as to 64.41%, 15.66%, 10.68%, 4.98% and 4.27%, respectively.

In June 2022, our Company was converted into a joint stock company with limited liability with a registered share capital of RMB46,175,861. Before and after the conversion, we completed several rounds of [**REDACTED**] Investments through capital injection from, and equity transfers between, our [**REDACTED**] Investors. For further details, please refer to "— [**REDACTED**]" below.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Beijing Yili Technology Partnership Enterprise (L.P.) (北京奕理科技合夥企業(有限合夥)) ("**Yili Technology**") and Beijing Yixiang Technology Partnership Enterprise (L.P.) (北京奕想科技合夥企業(有限合夥)) ("**Yixiang Technology**") were our employee shareholding platforms established in October 2019 and June 2021, respectively. Both Yili Technology and Yixiang Technology are managed by ESWIN Group as their general partner. As of the Latest Practicable Date, all of the options under the platform have been granted and exercised, and as a result, the grantees held the partnership interest in our employee shareholding platforms, subject to terms and conditions of our share incentive scheme. As of the Latest Practicable Date, there is no outstanding options or share awards under our share incentive scheme.

The partnership interests of our Directors, Supervisors and senior management of the Company in the Yili Technology and Yixiang Technology are set out below:

- Mr. Wang is a limited partner of Beijing Yili 16 Technology Partnership Enterprise (L.P.) (北京奕理十六號科技合夥企業(有限合夥)) ("**Yili 16**") and Beijing Yili 1 Technology Partnership Enterprise (L.P.) (北京奕理一號科技合夥企業(有限合夥)) ("**Yili 1**") with partnership interests of 37.2075% and 28.2837%, respectively. Yili 16 and Yili 1 are limited partnerships established in the PRC managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 14.1487% and 22.7656%, respectively;

- Mr. Wang Bo is a limited partner of Beijing Yili 3 Technology Partnership Enterprise (L.P.) (北京奕理三號科技合夥企業(有限合夥)) ("**Yili 3**") with partnership interests of 55.3112%. Yili 3 is a limited partnership established in the PRC managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 10.2147%;

- Mr. Mi Peng is a limited partner of Yili 16 and Yili 1 with partnership interests of 10.8947% and 10.2234%, respectively;

- Mr. Hu Weihao is a limited partner of Yili 16 and Yili 1 with partnership interests of 12.3511% and 6.5200%, respectively;

- Ms. Li Yang (李洋) is a limited partner of Beijing Yili 2 Technology Partnership Enterprise (L.P.) (北京奕理二號科技合夥企業(有限合夥)) ("**Yili 2**") with partnership interests of 5.6080%. Yili 2 is a limited partnership established in the PRC managed by ESWIN Group as general partner and are limited partners of Yili Technology with partnership interests as to 11.7483%;

- Mr. Wang Qi (王琪) is a limited partner of Yili 16 and Yili 1 with partnership interests of 1.5374% and 0.4666%, respectively;

- Mr. Liu Shuai (劉帥) is a limited partner of Yili 1 with partnership interests of 0.1793%;

- Dr. He Ning is a limited partner of Yili 1 with partnership interests of 8.5592%.

Save as disclosed above, there is no other connected persons or senior management of the Company who are interested in Yili Technology and Yixiang Technology.

[REDACTED] INVESTMENTS

Overview

We have undergone the following rounds of [**REDACTED**] Investments, details of which are set forth below.

Round[3]	Date of last agreement	Date of last payment of consideration	Approximate total consideration	Cost per Share[1]	[REDACTED] to the [REDACTED][2]
			(RMB)	*(RMB)*	
Series A	March 19, 2020	June 5, 2020	1,000 million	0.43	[REDACTED]
Series B	March 10, 2021	April 8, 2021	2,500 million	0.59	[REDACTED]
Series C	October 25, 2021	December 8, 2021	2,500 million	1.00	[REDACTED]
Series D[4]	May 22, 2023	June 16, 2023	3,026 million	1.14	[REDACTED]

Notes:

(1) The cost per Share paid by the [**REDACTED**] Investors was calculated based on the amount of investment made by the relevant [**REDACTED**] Investors and number of Shares held by them immediately before the completion of the [**REDACTED**], which was adjusted to reflect the subsequent conversion of capital reserve to registered share capital and Share Subdivision of our Company.

(2) The [**REDACTED**] to the [**REDACTED**] is calculated based on the mid-point of the indicative [**REDACTED**] and the exchange rates as set out in this Document.

(3) The increase of valuation (i) between series A and series B round financing is primarily due to our rapid increase of revenue during the period; (ii) between series B and series C round financing is primarily due to the delivery of our first 32-bit RISC-V powered processing hardware IP module and the development of our image processing IP modules as well as initiating RISC-V powered AI processing hardware development program; and (iii) between series C and series D round financing is primarily because our flagship solution had a significant revenue breakthrough, together with securing RF processing solution design contract with a leading telecommunications operator and design contracts for fully customized V2X processing hardware solution, as well as the delivery of our first 64-bit RISC-V powered processing hardware IP module.

(4) On April 21, 2025, one [**REDACTED**] Investor further invested approximately RMB250 million to our Company by way of capital injection with the same cost per Share as our series D round financing.

Other Principal Terms of the [REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the [**REDACTED**] Investments were determined based on arm's length negotiations amongst the [**REDACTED**] Investors and our Company, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Company, and the prospects of our business.

Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the [**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**].
[**REDACTED**] from the [**REDACTED**] Investments	We have utilized the proceeds from the [**REDACTED**] Investments for the principal business of our Company, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the [**REDACTED**] Investments have been utilized.
Strategic benefits to our Company brought by the [**REDACTED**] Investors	At the time of the relevant [**REDACTED**] Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the [**REDACTED**] Investments in our Company and the industry knowledge of the [**REDACTED**] Investors. The [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in the operation and development of our Company.

Special Rights of the [REDACTED] Investors

The [**REDACTED**] Investors were granted certain special rights, including but not limited to information rights, inspection rights, pre-emptive rights and anti-dilution rights. All these special rights will be terminated upon [**REDACTED**] with the redemption rights suspended before the first filing of the [**REDACTED**] by our Company with the Stock Exchange.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the [**REDACTED**] Investments was settled more than 28 clear days before the [**REDACTED**], and (ii) the special rights granted to the [**REDACTED**] Investors as disclosed in "— Special Rights of the [**REDACTED**] Investors" above will be terminated upon [**REDACTED**] with the redemption rights suspended before the first filing of the [**REDACTED**] by our Company with the Stock Exchange, the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information of the [REDACTED] Investors

Set forth below are details for each of our major [**REDACTED**] Investors with a shareholding of 2% or above in our Company as of the Latest Practicable Date. To the best knowledge of our Company and save as disclosed below, all of our major [**REDACTED**] Investors are Independent Third Parties.

Boxin Chuangcheng, Bosi Zongheng and Boming Weiye

Tianjin Boxin Chuangcheng Equity Investment Partnership Enterprise (L.P.) (天津博芯創成股權投資合夥企業(有限合夥)) ("**Boxin Chuangcheng**"), Tianjin Bosi Zongheng Equity Investment Partnership Enterprise (L.P.) (天津博思縱橫股權投資合夥企業(有限合夥)) ("**Bosi Zongheng**") and Tianjin Boming Weiye Management Consulting (天津博明偉業管理諮詢合夥企業(有限合夥)) ("**Boming Weiye**") are limited partnerships established in the PRC on March 18, 2020, December 7, 2018 and September 8, 2021 respectively. All of Boxin Chuangcheng, Bosi Zongheng and Boming Weiye are controlled under IDG Capital.

The general partner of Boxin Chuangcheng and Bosi Zongheng is Shenzhen Jingchuang Zhizao Enterprise Management Partnership Enterprise (L.P.) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Shenzhen Jingchuang Zhizao**") and Beijing Hexie Xinrong Investment Center (L.P.) (北京和諧欣榮投資中心(有限合夥)) ("**Beijing Hexie Xinrong**"), respectively. Both of Shenzhen Jingchuang Zhizao and Beijing Hexie Xinrong are ultimately controlled by Mr. Li Jianguang (李建光), Mr. Niu Kuiguang (牛奎光) and Mr. Wang Jingbo (王靜波). Boxin Chuangcheng and Bosi Zongheng are held by other four and three limited partners, respectively (ultimately comprised by individual and institutional investors). To the best knowledge of our Directors, each of the limited partners of Boxin Chuangcheng and Bosi Zongheng is Independent Third Party.

The general partner of Boming Weiye is Tianjin Yuhui Management Consulting Co., Ltd. (天津煜輝管理諮詢有限公司), which is a wholly-owned subsidiary of Tianjin Chenhui Private Equity Management Co., Ltd. (天津宸輝私募基金管理有限公司) ("**Tianjin Chenhui**"). Tianjin Chenhui is held as to approximately: (i) 30% by Lian Meng (連萌); (ii) 23.3% by Chen Jing (陳靜); (iii) 23.3% by Cui Guangfu (崔廣福); (iv) 23.3% by Zhang Sai (張賽). Boming Weiye is held by other two limited partners, respectively (ultimately comprised by individual and institutional investors). To the best knowledge of our Directors, each of the limited partners of Boming Weiye is Independent Third Party.

Beijing Singularity Power

Beijing Singularity Power Investment Fund (L.P.) (北京芯動能投資基金(有限合夥)) ("**Beijing Singularity Power**") is a limited partnerships established in the PRC on August 21, 2015.

The general partner of Beijing Singularity Power is Beijing Yichen Singularity Investment Center (L.P.) (北京益辰奇點投資中心(有限合夥)), whose ultimate largest shareholder is Mr. Wang Jiaheng (王家恆), an Independent Third Party. The largest limited partners of Beijing Singularity Power are BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000725.sz), and China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司), each of which holds approximately 37.3% partnership interests in Beijing

Singularity Power. None of the other limited partners holds more than one-third of the partnership interest in Beijing Singularity Power. To the best knowledge of our Directors, each of the limited partners of Beijing Singularity Power is an Independent Third Party.

Ningbo Zhuangxuan and Shanghai Qianyou

Ningbo Zhuangxuan Investment Partnership Enterprise (L.P.) (寧波莊宣投資合夥企業(有限合夥)) ("**Ningbo Zhuangxuan**") is a limited partnership established in the PRC on August 28, 2020.

The general partner of Ningbo Zhuangxuan is Ningbo Xuanyue Equity Investment Co. Ltd. (寧波宣岳股權投資有限公司) ("**Ningbo Xuanyue**"). Mr. Xu Xuanbin (徐宣斌) and Mr. Zhuang Xiangxian (莊祥仙) hold 70% and 30% interest in Ningbo Xuanyue, respectively. The largest limited partners of Ningbo Zhuangxuan is City Renewal Equity Investment (Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥)) ("**Qingdao Renewal**"), which holds approximately 99.01% partnership interest in Ningbo Zhuangxuan. The general partner of Qingdao Renewal is Ningbo Xuanyue. The limited partner of Qingdao Renewal is Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司), which is controlled by Hubei Biocause Pharmaceutical Co. Ltd. (天茂實業集團股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000627.sz). To the best knowledge of our Directors, each of the limited partners of Ningbo Zhuangxuan is an Independent Third Party.

Shanghai Qianyou Electronics Co., Ltd. (上海乾優電子有限公司), a limited company established in the PRC on March 21, 2005, is owned approximately 99% by Ningbo Yingtaihong Investment Partnership Enterprise (L.P.) (寧波盈泰泓投資合夥企業(有限合夥)), ("**Ningbo Yingtaihong**"). Ningbo Xuanyue holds 14.3% partnership interest of Ningbo Yingtaihong as the general partner and and Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) holds 85.7% partnership interest as the limited partner.

Legend Capital

Beijing Legend Capital Shengyuan Equity Investment Partnership Enterprise (L.P.) (北京君聯晟源股權投資合夥企業(有限合夥)) ("**Legend Capital Shengyuan**"), Zhuhai Legend Capital Yongyi Venture Investment Partnership Enterprise (L.P.) (珠海君聯永逸創業投資企業(有限合夥)) ("**Legend Capital Yongyi**"), and Zhuhai Legend Capital Jiayun Equity Investment Enterprise (L.P.) (珠海君聯嘉運股權投資企業(有限合夥)) ("**Legend Capital Jiayun**"), are limited partnerships established in the PRC on June 20, 2018, August 25, 2021 and September 14, 2020, respectively.

The general partner of each of Legend Capital Shengyuan and Legend Capital Jiayun is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is a wholly-owned subsidiary of Legend Capital Management Co. Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). The general partner of Legend Capital Yongyi is Beijing Legend Capital Tongdao Private Equity Fund Management Partnership (L.P.) (北京君聯同道私募基金

管理合夥企業(有限合夥)), whose general partner is Shenzhen Legend Capital Qisheng Management Consulting Co., Ltd. (深圳君聯祺盛管理咨詢有限公司), a wholly-owned subsidiary of Legend Capital. Legend Capital is controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which is in turn held as to 40% by Mr. Chen Hao (陳浩), 20% by Mr. Zhu Linan (朱立南), 20% by Mr. Li Jiaqing (李家慶), our non-executive Director, and 20% by Mr. Wang Nengguang (王能光). Legend Capital Shengyuan. Legend Capital Jiayun are held by other 21 and 13 limited partners and Legend Capital Yongyi is held by other six limited partners, comprising individual and institutional investors, respectively. To the best knowledge of our Directors, each of the limited partners of Legend Capital Shengyuan, Legend Capital Yongyi and Legend Capital Jiayun is an Independent Third Party.

China IC Fund II

China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd. (國家集成電路產業投資基金二期股份有限公司) ("**China IC Fund II**") is a joint stock company established in the PRC on October 22, 2019, which primarily focuses on investing in the value chain of the integrated circuit industry via equity investment, primarily in integrated circuit chip manufacturing as well as chip designing, packaging test and equipment and materials. The single largest shareholder of China IC Fund II is the Ministry of Finance, which holds approximately 11.02% interest, other shareholders include enterprises in the integrated circuit industry, large-scale state-owned enterprises, certain financial institutions and private enterprises.

Triniti Capital

Xianning Sanxing Zhiying Asset Management Center (L.P.) (咸寧三行智瀛資產管理中心(有限合夥)) ("**Sanxing Zhiying**") and Xuzhou Yixing Tianxia Venter Investment Partnership Enterprise (L.P.) (徐州宜行天下創業投資合夥企業(有限合夥)) ("**Xuzhou Yixing**") are limited partnerships established in the PRC on December 26, 2018 and February 26, 2021, respectively. Sanxing Zhiying and Xuzhou Yixing are both controlled under Triniti Capital (眾行資本), an investment fund specialized in hard and core technology in pan-semiconductor and energy storage industries.

The general partner of each of Sanxing Zhiying and Xuzhou Yixing is Beijing Triniti Capital Management Co. Ltd. (北京三行資本管理有限責任公司), which is owned 65% and 35% by Mr. Sun Dafei, our Supervisor, and Mr. Lu Hai (陸海). Sanxing Zhiying and Xuzhou Yixing are held by other eight and three limited partners, ultimately comprising individual and institutional investors, respectively. To the best knowledge of our Directors, each of the limited partners of Sanxing Zhiying and Xuzhou Yixing is Independent Third Party.

Broad Vision Funds

Zhangjiagang Broad Vision Funds Venture Investment Partnership Enterprise (L.P.) (張家港博華創業投資合夥企業(有限合夥)) ("**Broad Vision Funds Venture**"), Zhangjiagang Broad Vision Funds Phase III Equity Investment Partnership Enterprise (L.P.) (張家港博華三期股權

投資合夥企業(有限合夥)) ("**Broad Vision Funds Phase III**"), and Zhangjiagang Broad Vision Funds Tianchen Equity Investment Partnership Enterprise (L.P.) (張家港博華天辰股權投資合夥企業(有限合夥)) ("**Broad Vision Funds Tianchen**") are limited partnerships established in the PRC on May 11, 2018, September 21, 2020, and February 2, 2021, respectively. All of the foresaid entities are controlled under Broad Vision Funds (博華資本), a professional private equity investment firm focusing on investment in domestic technology and medical companies with favorable growth prospects with over RMB20 billion assets under management.

The general partner of Broad Vision Funds Venture is Zhangjiagang Broad Vision Funds Yaoshi Investment Partnership Enterprise (L.P.) (張家港博華耀世投資合夥企業(有限合夥)), which is in turn held as to 50% by Beijing Broad Vision Funds Co. Ltd. (北京博華資本有限公司) ("**Beijing Broad Vision Funds**") as the general partner, 34% by Mr. Xu Wenbo (徐文博) as a limited partner, 10% by Mr. Wei Xiaoan (衛曉安) as a limited partner and 6% by Mr. Guang Dong (廣東) as a limited partner. Broad Vision Funds Venture is held by other 13 limited partners comprising individual and institutional investors. To the best knowledge of our Directors, each of the limited partners of Broad Vision Funds Venture is Independent Third Party.

The general partner of each of Broad Vision Funds Phase III and Broad Vision Funds Tianchen is Zhangjiagang Broad Vision Funds Changqing Investment Partnership Enterprise (L.P.) (張家港博華常青投資合夥企業(有限合夥)), which is in turn held as to 70% by Beijing Broad Vision Funds as the general partner, and 30% by Mr. Guang Dong (廣東) as the limited partner. Beijing Broad Vision Funds is in turn held as to 69% by Mr. Xu Wenbo (徐文博), 10% by Mr. Wei Xiaoan (衛曉安), 8% by Mr. Guang Dong (廣東), 8% by Mr. Zhang Juncai (張俊才), and 5% by Mr. Li Lei (李雷). Broad Vision Funds Phase III and Broad Vision Funds Tianchen are held by other 22 and three limited partners comprising individual and institutional investors, respectively. To the best knowledge of our Directors, each of the limited partners of Broad Vision Funds Phase III and Broad Vision Funds Tianchen is an Independent Third Party.

CAPITALIZATION

Our Company [has applied] for H-share full circulation to convert certain Unlisted Shares into H Shares after the [**REDACTED**]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares, representing approximately [**REDACTED**] of the total issued share capital of the Company upon [**REDACTED**].

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
ESWIN Group	362,245,488	17.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yili Technology	259,734,636	12.72%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yixiang Technology	22,269,300	1.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[1, 2]	644,249,424	31.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boxin Chuangcheng	93,113,680	4.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bosi Zongheng	59,297,746	2.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boming Weiye	30,080,268	1.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[3]	182,491,694	8.94%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Zhuangxuan	113,727,540	5.57%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Qianyou	23,134,248	1.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[3]	136,861,788	6.70%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Singularity Power	118,103,703	5.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Legend Capital Shengyuan	50,579,938	2.48%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Legend Capital Yongyi	47,687,302	2.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Legend Capital Jiayun	10,740,624	0.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[3]	109,007,864	5.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
China IC Fund II	105,280,938	5.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanxing Zhiying	55,335,600	2.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xuzhou Yixing	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[3]	63,748,040	3.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Broad Vision Funds Venture	37,893,562	1.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Broad Vision Funds Phase III	13,459,942	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Broad Vision Funds Tianchen	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[3]	59,765,944	2.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Tianbao Qiushi Investment Enterprise (L.P.) (深圳天寶秋石投資企業(有限合夥))	33,649,836	1.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Fenhu Investment Group Co., Ltd. (蘇州汾湖投資集團有限公司)	33,649,836	1.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi SAIC Jinshi Innovation Industrial Fund (L.P.) (無錫上汽金石創新產業基金合夥企業(有限合夥))	30,080,268	1.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Ruiyi Venture Capital Fund (L.P.) (北京瑞沂創業投資基金(有限合夥))	26,320,206	1.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Huarong Holdings (Shenzhen) Equity Investment M&A Fund (L.P.) (華融控股(深圳)股權投資併購合夥企業(有限合夥))	25,237,358	1.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhejiang Haining Juanhu Innovation Investment Co., Ltd. (浙江海寧鵑湖創新投資有限公司)	23,554,870	1.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Huafa Venture Capital Fund Management Co., Ltd. (珠海華發創業投資基金管理有限公司)	21,933,534	1.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China Internet Investment Fund (L.P.) 中國互聯網投資基金(有限合夥))	21,056,180	1.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Jinyiquan Investment Consulting (L.P.) (珠海金鎰全投資諮詢合夥企業(有限合夥))	19,050,844	0.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司)	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Yitang Chuangxin Venture Capital Center (L.P.) (北京屹唐創欣創業投資中心(有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chongqing Liangjiang Yixin Private Equity Investment Fund (L.P.) (重慶兩江奕芯私募股權投資基金合夥企業(有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares held in total as of the Latest Practicable Date	Approximate percentage of shareholding in the Company as of the Latest Practicable Date	Number of Unlisted Shares held upon completion of the [REDACTED] and Share Subdivision	Number of H Shares held upon completion of the [REDACTED] and Share Subdivision	Number of Shares held in total upon completion of the [REDACTED] and Share Subdivision	Approximate percentage of shareholding in the Company upon completion of the [REDACTED] and Share Subdivision
Wuhu Ruicheng Zhanxin Industry No. 1 Fund (L.P.) (蕪湖市瑞丞戰新產業壹號基金合夥企業(有限合夥))	17,546,804	0.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Meishan Bonded Port Area Ruixue Guangnian Investment Management (L.P.) (寧波梅山保税港區睿雪光年投資管理合夥企業(有限合夥))	17,392,372	0.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Meishan Bonded Port Area Aowen Investment Management (L.P.) (寧波梅山保税港區奧聞投資管理合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiangsu Jiequan Green Industry Equity Investment Fund (L.P.) (江蘇疌泉綠色產業股權投資基金(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Bosheng Jiaxu Equity Investment (L.P.) (武漢渤盛嘉旭股權投資合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hunan Caixin Jingjin Equity Investment (L.P.) (湖南財信精進股權投資合夥企業(有限合夥))	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CITIC Securities Investment Co., Ltd. (中信證券投資有限公司)	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Beijing Gaorong Phase IV Kangteng Equity Investment (L.P.) (北京高榕四期康騰股權投資合夥企業(有限合夥))	14,039,936	0.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chengdu Tianfu New Area Gaorong Phase IV Kangyong Investment (L.P.) (成都市天府新區高榕四期康永投資合夥企業(有限合夥))	2,784,982	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal[4]	16,824,918	0.82%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chongqing Xinyi Ecological Chain Private Equity Investment Fund (L.P.) (重慶新奕生態鏈私募股權投資基金合夥企業(有限合夥))	13,160,084	0.64%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Hengqin Zhiyi Shengyuan Investment (L.P.) (珠海橫琴知一晟遠投資合夥企業(有限合夥))	11,029,424	0.54%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Tiantang Guigu Yuncheng Enterprise Management Consulting (L.P.) (寧波天堂硅谷雲成企業管理諮詢合夥企業(有限合夥))	10,295,262	0.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Haining Industrial Investment Group Co., Ltd. (海寧市實業產業投資集團有限公司)	10,094,966	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Qisi Equity Investment (L.P.) (嘉興頎思股權投資合夥企業(有限合夥))	10,026,756	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Gongqingcheng Zhongheng Investment Management (L.P.) (共青城眾衡投資管理合夥企業(有限合夥))	10,016,724	0.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xie Haolyu (謝豪律)	9,186,445	0.45%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Haining Juanhu Mengxiang Technology Investment (L.P.) (海寧鵑湖夢想科技投資合夥企業(有限合夥))	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Technology Innovation Industrial Investment Fund (L.P.) (廣州科創產業投資基金合夥企業(有限合夥))	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CCB Investment Co., Ltd. (建投投資有限責任公司)	8,773,402	0.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhejiang Zheshang Transformation & Upgrading Fund of Funds (L.P.) (浙江浙商轉型升級母基金合夥企業(有限合夥))	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central Plains Qianhai Equity Investment Fund (L.P.) (中原前海股權投資基金(有限合夥))	8,412,440	0.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Singularity Power Computering Venture Investment Partnership Enterprise (L.P.) (共青城芯動能計算創業投資合夥企業(有限合夥))	7,018,714	0.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Xiamen Haitong Jinyuan Equity Investment (L.P.) (廈門海通金圓股權投資合夥企業(有限合夥))	5,047,464	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Dingfeng Guixin Venture Capital (L.P.) (嘉興鼎峰硅鑫創業投資合夥企業(有限合夥))	5,047,464	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
China Development Bank Technology Venture Capital Co., Ltd. (國開科技創業投資有限責任公司)	5,013,378	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Tiantang Guigu Yuntao Equity Investment (L.P.) (武漢天堂硅谷雲韜股權投資合夥企業(有限合夥))	4,903,084	0.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Comba Telecom Systems (Guangzhou) Co., Ltd. (京信通信系統(廣州)有限公司)	4,564,788	0.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Chuxin Optoelectronic Industry Investment Fund (L.P.) (青島初芯光電產業投資基金合夥企業(有限合夥))	4,386,720	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chengdu Ceyuan Guangyi Electronic Information Equity Investment Fund (L.P.) (成都策源廣益電子信息股權投資基金合夥企業(有限合夥))	4,386,682	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhaoshi Lianke (Zhuhai) Fund Management (L.P.) (兆實聯科(珠海)基金管理合夥企業(有限合夥))	4,010,710	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Wuxi Ruishi Phase IV Venture Capital (L.P.) (無錫睿勢四期創業投資合夥企業(有限合夥))	4,010,703	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Huizhu (張惠珠)	3,364,976	0.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ultra HD Video Industry Investment Fund (Guangzhou) (L.P.) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥))	3,070,666	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Tiantang Guigu Hengxin Venture Capital Fund (L.P.) (武漢天堂硅谷恒新創業投資基金合夥企業(有限合夥))	3,007,672	0.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhou Hui (周暉)	2,940,521	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZhaoYingjia (趙穎佳)	2,685,165	0.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Chunhe Miaopu No. 2 Venture Capital Fund (L.P.) (青島春禾苗圃貳號創業投資基金合夥企業(有限合夥))	1,886,282	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shaoxing Keqiao Tiantang Guigu Lingxin Equity Investment (L.P.) (紹興柯橋天堂硅谷領新股權投資合夥企業(有限合夥))	1,804,603	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Yuezhou (張岳洲)	1,750,000	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Tiantang Guigu Anbo Tonghetai Equity Investment (L.P.) (合肥天堂硅谷安博通和泰股權投資合夥企業(有限合夥))	1,717,381	0.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Guangzhou YunCong Changying Investment Co., Ltd. (廣州雲從長贏投資有限公司)	1,579,204	0.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Rong Sujiang (榮蘇江)	1,071,039	0.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Silicon Valley Zhaoxi Investment Management (L.P.) (嘉興硅谷天堂昭晞投資管理合夥企業 (有限合夥))	401,070	0.02%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Tiansui Enterprise Management Consulting (L.P.) (廣州天遂企業管理諮詢合夥企業(有限合夥))	175,446	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other public Shareholders	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**2,042,143,304**	**100%**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) Please refer to "Relationship with The Single Largest Shareholders — Our Single Largest Shareholders"

(2) Please refer to "— Employee Shareholding Platforms" above.

(3) Please refer to "— Information of the [**REDACTED**] Investors" above.

(4) All the entities are controlled under Beijing Gaorong Capital Management Consulting Co., Ltd. (北京高榕資本管理諮詢有限公司).

PUBLIC FLOAT

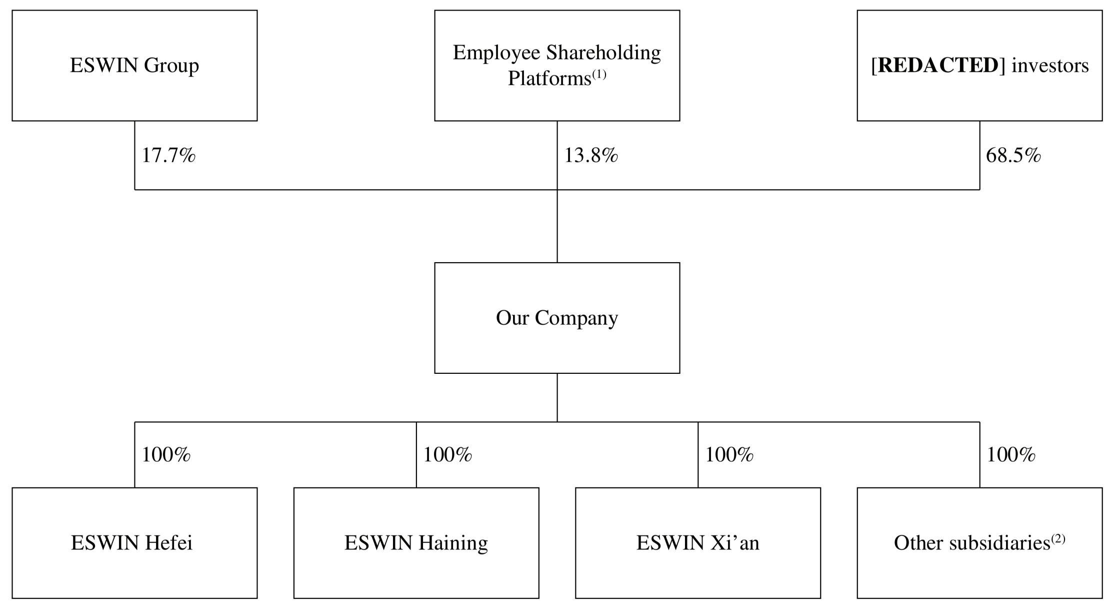
Upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), (i) ESWIN Group, Yili Technology and Yixiang Technology, which are members of our Single Largest Shareholders, (ii) Sanxing Zhiying and Xuzhou Yixing, which are close associates of Mr. Sun Dafei, one of our Supervisors, will be deemed as our core connected persons and a total of [**REDACTED**] Shares held by them, representing [**REDACTED**] of our total issued Shares, will not be counted towards the public float.

To the best knowledge of our Directors, upon the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares are expected to be held by our existing Shareholders who are not our core connected persons, which will be counted towards the public float.

Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the total number of [**REDACTED**] H Shares held by the public represents approximately [**REDACTED**] of our total issued Shares upon [**REDACTED**].

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Company's simplified shareholding and corporate structure immediately prior to the completion of the [**REDACTED**]:

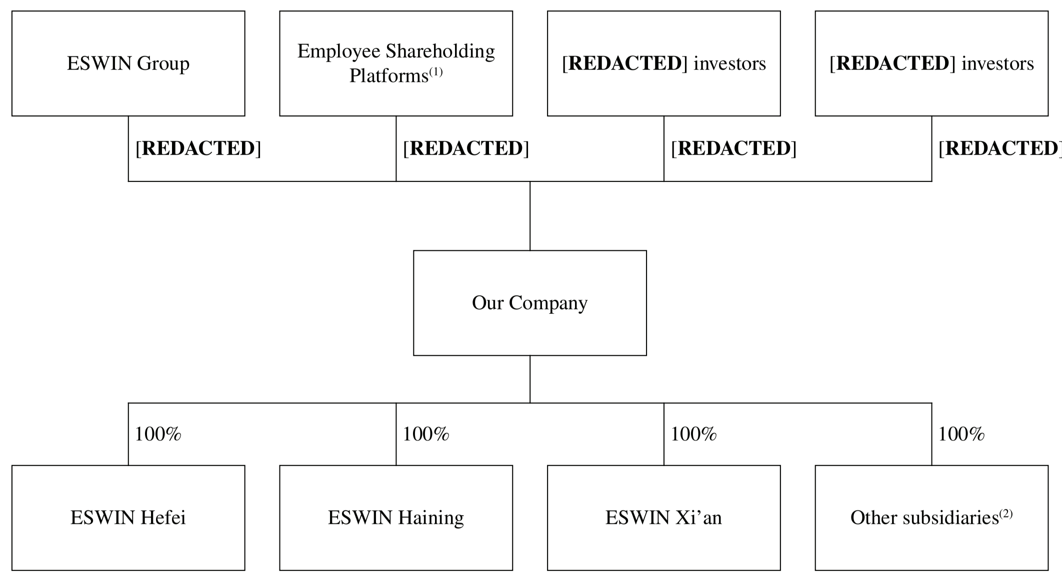


Notes:

1. refer to Yili Technology and Yixiang Technology.
2. including other 16 wholly owned subsidiaries of the Company.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Company's simplified shareholding and corporate structure immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

1. refer to Yili Technology and Yixiang Technology.
2. including other 16 wholly owned subsidiaries of the Company.

OVERVIEW

We are a pioneer in driving the universal intelligence transformation in the AI era. Focusing on smart device and embodied intelligence as our two core application scenarios, we are adopting next-generation RISC-V computing architecture, innovating domain-specific algorithms and IP modules, and constructing efficient and open software-hardware platforms to deliver highly competitive system-level solutions for customers worldwide.

As of December 31, 2024, we have successfully commercialized over 100 system-level solutions on smart devices and embodied intelligence, serving over 100 customers worldwide and becoming the preferred solution provider of many leading global companies. Notably, we have been dedicated to developing and promoting next generation RISC-V computing architecture. According to Frost & Sullivan, we were China's largest provider of mass-produced RISC-V powered solutions in terms of number of solutions by 2024, and China's largest domestic provider of fully customized RISC-V powered solutions in terms of related revenue in 2024.

Industry Leader(1)

China's largest provider of smart device solutions for human-machine interaction

China's largest provider of RISC-V powered fully customized solutions

China's largest number of mass-produced RISC-V powered solutions

Business Success(2)

100+ global customers

100+ commercialized solutions

Over RMB2 billion revenues

Technology Leader(2)

500+ IP modules

20+ serial RISC-V cores

1500+ patent applications

Ecosystem Leader

BOD Member of RISC-V International

Rotating Chairman of RISC-V Ecosystem & Industry Committee

Establish the RISAA Ecosystem & Technology Platform

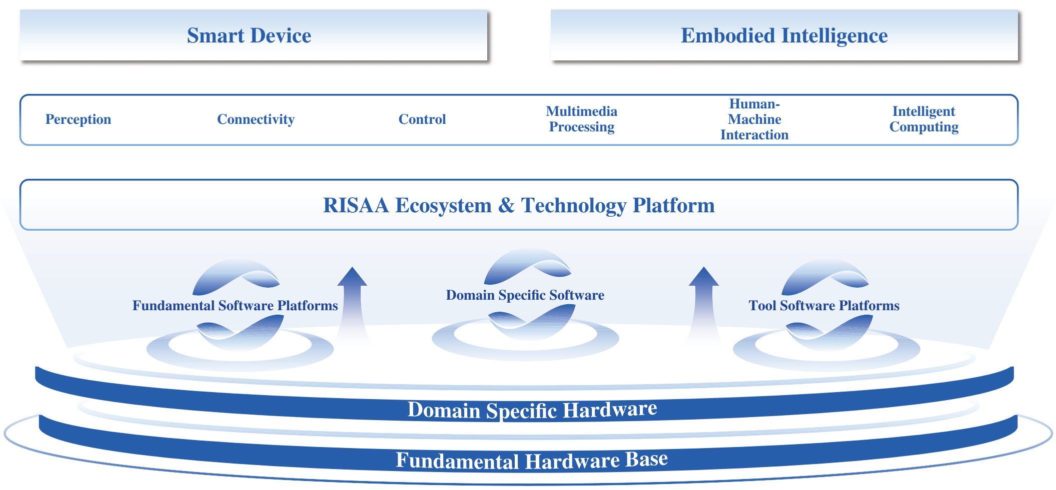
Notes:

(1) As of December 31, 2024 or for the year ended December 31, 2024, according to Frost & Sullivan.

(2) As of December 31, 2024 or for the year ended December 31, 2024.

The AI revolution is transforming industries worldwide, and the intelligence transformation is redefining innovation in the AI era at an unprecedented pace. The exponential growth of application scenarios of intelligence transformation, from smart metropolitans to compact terminals and from smart devices to embodied intelligence systems, is driving a complete overhaul of intelligent technologies. Traditional linear model of hardware-software-system evolution is not well-positioned to address the challenges in the AI evolution at architectural levels and scenario-driven differentiation at hardware levels. As a result, the traditional linear model struggles to meet the complex demands of intelligence transformation, including scenario adaptability, energy efficiency, cost efficiency and iteration speed.

Only innovators with full-stack capabilities to meet such complex demands of intelligence transformation can lead future technological evolution. As a pioneer in system-level solutions for intelligence transformation, we, utilizing the next-generation RISC-V computing architecture, have built the full-stack technological capabilities, including foundational computing architecture, processing hardware design, algorithm optimization, software development, and scenario-specific solutions. We focus on two core areas: smart devices and embodied intelligence, delivering hardware-software integrated solutions to drive the next wave of intelligence transformation.

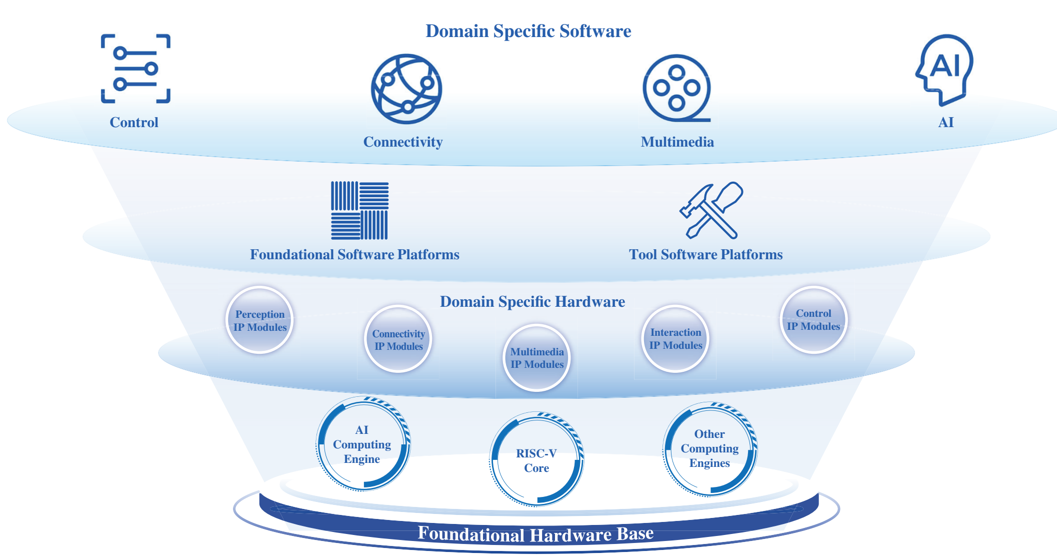


We provide smart device solutions to consumer electronics and AIoT companies, empowering smart home, office and portable scenarios with capabilities including, among others, multimedia processing, human-machine interaction and intelligent control, ultimately enhancing convenience of people in the AI era. According to Frost & Sullivan, we ranked first among all domestic providers of human-machine interaction solutions for smart devices in China in terms of revenue in 2024. For instance, two of our flagship solutions are the industry leading RISC-V powered smart monitor solution and RISC-V powered Mini-LED multimedia processing solution. Powered by our self-developed RISC-V cores, such solutions integrate high-speed data interfaces and advanced image processing capabilities. As a result, they deliver smoother, clearer, more energy-efficient and reliable visual experiences.

We provide embodied intelligence solutions to customers in automotive, robotics and industrial scenarios with capabilities of intelligent perception, connectivity, computing, and control. One of our notable solutions is the industry RISC-V powered intelligent computing system solution. Powered by 64-bit high performance RISC-V cores, this solution provides powerful and efficient AI processing capabilities, which can be potentially applied in many scenarios, such as, among others, machine vision, industrial inspection, and intelligence acceleration. We also launched a "camera-to-display" in-cabin visual solution for smart automotives. It provides a one-stop solution that integrates essential technologies from image capture to screen display, empowering smart cockpit with enhanced capabilities on, among others, visual perception, video connectivity, processing and control, and integrating human-machine interaction and power management.

We are driving the innovation in many of our solutions from the foundational RISC-V architecture. As a new generation of computing architecture, RISC-V builds on strengths of traditional architectures, excelling in power, function and cost efficiency. With its open, streamlined, modular, and customizable design, RISC-V is redefining computing for this new era of intelligence transformation. Leveraging these advantages, we developed our own RISC-V cores and created comprehensive solutions line-ups covering 32-bit and 64-bit processing platforms. Following the philosophy of "scenario-defined architecture," we break the limitations of traditional hardware design and drive innovations by tailoring RISC-V cores (through RISC-V instruction set extension, microarchitecture optimizations and energy-efficiency tuning) based on application needs. As a result, we achieve precise alignment between application scenarios and foundational architecture. The ability to customize RISC-V cores is one of our core competitiveness in solutions.

Our solutions are powered by not only our self-developed foundational architectures but also an open and collaborative ecosystem. We actively integrate the technical strengths and resources of our ecosystem partners to accelerate innovation. To support this, we launched the RISAA (RISC-V + AI) ecosystem & technology platform (the "RISAA Platform"). Built on RISC-V cores and other foundational hardware base, the RISAA Platform integrates our self-developed domain specific IP modules in, among others, perception, connectivity, multimedia, interaction and control. It also incorporates open software platforms tailored to diverse application scenarios and provides full-stack development tools for ecosystem participants. The ecosystem participants can choose the full stack offerings or any combination of components in the stack to form a customized solution tailored for their unique needs. As a result, this platform drives efficient collaboration among all ecosystem partners and allows any participants focused on RISC-V innovation to deeply engage with us, co-developing RISC-V related solutions.



As a solution provider, we drive innovation through a strategy of multi-product-line collaboration. We have developed and strengthened our philosophy of the Trilogy of Reusability — Technology, Customer, and Supply Chain — to enable agile innovation and seamless cross-solution synergy.

- On the technological side, we utilize self-developed IP modules, including RISC-V cores, to enable sharing and reusing across multiple solutions, effectively reducing R&D expenses and improving R&D efficiency.

- On the customer side, we thoroughly explore the potential needs of each customer across multiple solutions. By promoting cross-selling and scale usage of multiple solutions to the same customers, we not only reduce customer acquisition costs but also enhance customer loyalty.

- On the supply chain side, we fully integrate supplier resources and maximize supply chain synergies to secure strong support from suppliers. This strengthens our solution competitiveness, ensures reliable supply capacity, and fosters an efficient and stable supply chain ecosystem, ultimately reducing our procurement costs and achieving economies of scale.

Together, they create an efficient, robust, and scalable ecosystem that powers our sustainable growth.

Smart devices are becoming essential mediums in the AI era, redefining how humans interact with the physical world and enabling a more convenient lifestyle through intelligent perception, human-machine interaction and efficient processing. Concurrently, embodied intelligence — systems capable of understanding and deeply interacting with the physical world — is at the forefront of next generation of technological innovation, driving intelligence transformation to new dimensions and to new heights. According to Frost & Sullivan, the global smart device solution market expanded from RMB1,389.4 billion in 2020 to RMB1,493.4 billion in 2024 with a CAGR of 1.8%, and is estimated to reach RMB1,812.3 billion in 2029 with a CAGR of 3.6% from 2025 to 2029. According to Frost & Sullivan, the global embodied intelligence solution market expanded robustly from RMB84.0 billion in 2020 to RMB292.2 billion in 2024 with a CAGR of 36.6%, and is estimated to reach RMB804.3 billion in 2029 with a CAGR of 22.6% from 2025 to 2029.

According to Frost & Sullivan, RISC-V is rapidly gaining traction in the smart device and embodied intelligence solutions market. The global market for RISC-V powered solutions increased from RMB1.1 billion in 2020 to RMB56.5 billion in 2024 with a CAGR of 166.6% and is expected to reach RMB440.4 billion in 2029, with a CAGR of 38.7% from 2025 to 2029. The penetration of RISC-V powered solutions in the smart device solution market increased from 0.1% in 2020 to 1.3% in 2024 and is expected to further increase to 11.8% in 2029, and the penetration in the embodied intelligence solution market increased from 0.4% in 2020 to 6.4% in 2024, and is expected to reach 19.1% in 2029, positioning RISC-V as one of the three major computing architecture on the global scale.

OUR COMPETITIVE STRENGTHS

Influential Smart Device and Embodied Intelligence Solution Provider with Leading Technology Capabilities and Proven Commercial Success

We are an influential smart device and embodied intelligence solution provider with leading technology capabilities. Our solutions provide intelligent perception, intelligent connectivity, intelligent control, multimedia processing, human-machine interaction and intelligent computing functions, empowering the smart transformation of home, office, and portable devices as well as automotive, robotics and industrial scenarios. According to Frost & Sullivan, we ranked first among all domestic providers of human-machine interaction solutions for smart devices in China in terms of revenue in 2024. To entrench our technology capabilities, we focus on developing and integrating domain-specific algorithms, IP modules, software, and solutions to meet the rapidly changing demands of emerging sections. We create application-specific algorithms and build scalable and reusable IP module portfolio to provide customers with efficient, tailored and diverse system-level solutions. In addition, we provide comprehensive support ranging from foundational software and tool software to domain specific software, delivering full-process turnkey solutions for our customers.

We have firmly invested in innovation based on the RISC-V computing architecture, which is highly aligned with the needs of the AI era. With a forward-looking vision and deep insight into scenario-driven demands, we are able to accurately identify and resolve customer pain points so as to stay ahead of market trends, and offer targeted solutions, achieving precise alignment between application scenarios and foundational computing architecture. This makes us China's largest provider of mass-produced RISC-V powered solutions in terms of number of solutions by 2024 as well as China's largest domestic provider of fully customized RISC-V powered solutions in terms of related revenue in 2024, according to Frost & Sullivan.

By harnessing RISC-V computing architecture's streamlined, efficient, and scalable technical advantages, we consistently deliver exceptional business value and competitive advantages to our customers. As a result, we have established a proven commercialization model, which forms a solid foundation for our future growth. In 2024, we recorded revenue of RMB2,025.4 million and as of December 31, 2024, we have successfully commercialized over 100 system-level solutions on smart devices and embodied intelligence, serving over 100 customers worldwide.

Systematic R&D Capabilities: Multi-Dimension and Full Process R&D System

Technology is the cornerstone of our core strengths. We assembled R&D teams across multiple dimensions with full process capabilities from initial design to final mass production. As of December 31, 2024, we have built a team of over 1,200 research and development personnel, accounting for over 70% of our total employees, with about 70% of research and development personnel holding master's degrees or above. As of the same date, we ran 30 specialized laboratories. Our research and development expenses amounted to RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million in 2022, 2023 and 2024. These aforesaid technology capabilities have translated to the following technical advantage:

- ***Multi-Dimension Innovation***. As of December 31, 2024, we possessed over 500 IP modules across intelligent perception, intelligent connectivity, intelligent control, multimedia processing, human-machine interaction and intelligent computing. These IP modules form a standardized, modular, and reusable resource library, enabling us to quickly meet the fast-evolving demands of smart device and embodied intelligence solution applications. As of the Latest Practicable Date, we have filed over 1,600 patents and have more than 300 granted patents.

- ***Full-Process Design and Collaborative Innovation***. We have full-process design capabilities, spanning from processing core design to comprehensive system level solution development. Meanwhile, we also have capabilities to coordinate on the manufacturing and assembly and testing processes to innovate, and optimize the solutions jointly with our partners.

To ensure seamless integration with RISC-V powered processing hardware, we provide a full ecosystem of, among others, firmware, toolchains, libraries and middlewares to our customers and ecosystem partners. By combining RISC-V and other core IP modules, processing hardware and software, we deliver full-stack solutions to address the comprehensive needs of our customers.

Ecosystem Empowerment: RISAA Platform and RDI

To drive innovation, iteration and development within the RISC-V ecosystem, we have launched the RISAA Platform, encouraging technology sharing, collaboration and integration. This platform enables developers to build customized solutions efficiently, without the need to construct complex system from scratch, significantly lowering the research and development barriers.

To help further boost the growth and industry-wide adoption of RISC-V, we have introduced the concept of RISC-V Digital Infrastructure ("RDI") based on our concept of "green, open and fusion". RDI represents all digital infrastructure based on the RISC-V architecture, including hardware, devices, software, and system solutions for diverse application scenarios. It builds the foundation for "new networks, new computing power, new data, new facilities, and new terminals." RDI unites global developers to enrich the RISC-V ecosystem. This initiative brings RISC-V to the forefront of innovation, unlocking new applications and market opportunities.

To accelerate the growth and expansion of RDI and RISC-V ecosystem, we partnered with industry leaders to establish the RDI Alliance and launched RISC-V Ecosystem Innovation Centers in cities like Beijing, Wuhan, and Chengdu. These centers bring together resources from across the value chain to develop systematic RISC-V powered solutions. By driving adoption in key industries such as education, transportation, and energy, we are setting new benchmarks for innovation.

Scalable Business Model: "Trilogy of Reusability" to Reduce Marginal Cost and Drive Value Creation

Through our Trilogy of Reusability — Technology, Customer, and Supply Chain — we have built a scalable business model. This approach achieves a dual breakthrough: reducing marginal cost while driving value creation.

Technology Reuse: Driving R&D Efficiency and Cost Reduction

We strive to maximize the reuse of in-house IP modules across multiple solutions, significantly reducing R&D expenses and accelerating launch time of new solutions. Benefitting from such efficiency, we have successfully launched over 200 types of solutions, among which over 100 types have been successfully commercialized, since our inception. For example, our self-developed E310 RISC-V core has been applied in 17 different solutions.

Under the philosophy of technology reuse, once the first IP module is developed, derivative IP modules can be created at minimal cost using a similar infrastructure and base code. This creates a compounding effect, driving down marginal R&D costs and materializing economies of scale. Our self-developed IP modules also enable faster responses to market demands, shortening launch and delivery time, cutting R&D expenses, and outperforming generic industry IP modules in energy efficiency, performance, and size. These strengths deliver exponential value to our customers.

Customer Reuse: Expanding Collaborations and Driving Long-term Values

We collaborate with customers through a portfolio of fully customized, semi-customized, and industry customized solutions, creating a deeply integrated ecosystem addressing customers' specific needs. Strategically backed by key customers, we ensure that our solutions are precisely aligned with market needs.

After initial entry into the customer's supply chain, we strive to quickly integrate our offerings into multiple product portfolios of our customers, deepening the width and depth of collaboration and transforming customers into long-term strategic partners. This significantly reduces our customer acquisition costs. For example, with respect to an overseas client, we successfully secured development projects for our solutions on multiple home devices through our initial collaboration on multimedia processing.

Supply Chain Reuse: Synergy of Capacity Security and Technological Innovation

Our diversified solution portfolio enables deep collaboration with suppliers across various process and solutions. This partnership ensures our access to greater capacity security and supply chain resources while optimizing product performance and yield. For instance, we collaborated with a supplier across multiple product lines, becoming a core strategic customer for such supplier, enabling us to secure better procurement costs, capacity, and technical support.

With the above Trilogy of Reusability, we have created a virtuous cycle as our revenue scales, marginal costs decrease while value grows rapidly. This scalable business model establishes a deep moat with both economic efficiency and strategic depth, laying a solid foundation for our sustainable growth in the era of intelligence transformation.

Strategic Talent Engine: Leadership Team with Global Vision and Innovative Talent Development Plan

Our founding and executive team brings together top leaders and experts across the industry. Mr. Wang, our founder and the chairman of our Strategy and Investment Committee, is a pioneer of China's semiconductor display industry where he resolved the critical "display shortage" situation. Now, he leads our strategy planning and will guide us to become a global leader in intelligent solution industry. Mr. Wang Bo, our co-founder and vice chairman of the Board, with over 20 years of R&D and management experience at Intel, leverages his deep industry expertise to drive international market expansion and assist our strategy planning. Mr. Mi Peng, our chairman of the Board and CEO, has more than 20 years of experience in the semiconductor sector, with deep expertise in financial management, investment, and corporate operations. Mr. Hu Weihao, our president and COO, brings nearly two decades of experience in product R&D, with a strong focus on full process solution development and management. Dr. He Ning, our CTO and a nationally recognized innovation leader, brings 20 years of experience in semiconductor and system solution R&D to help us overcome critical technical bottlenecks and spearhead the development of the RISC-V ecosystem.

We have also built a dynamic talent base, with 60% of our team under the age of 35. We have created a three-tiered human capital system that integrates strategic decision-making, industry operation, and technological innovation. Such strategic foresight, industry expertise, and creative energy equip us with both the agility to navigate industry transformations and the capability to achieve technological breakthroughs. It serves as a core driving force for our continued leadership in system-level solutions that drive the next generation of intelligence transformation.

OUR DEVELOPMENT STRATEGIES

Technology-Driven Strategy: Prioritizing Technology Innovation and Strengthening System-Level Capabilities

As a leader in RISC-V technology, we uphold our core value of "technology as the cornerstone," and remain committed to advancing the open architecture through continuous R&D and innovation, ensuring we maintain our first-mover advantage and leadership in RISC-V related technology. By consistently investing in capital, talent, and technical resources, we aim to maintain competitiveness globally in system-level capabilities, energy efficiency, and ecosystem compatibility. We intend to tackle performance bottlenecks of existing solutions in increasingly complex scenarios, further strengthening our solutions' characteristics of "green, open and fusion" and improving their adaptability across diverse applications.

We closely monitor industry trends and evolving downstream demands, using a visionary perspective to guide key business decisions. To address the needs of diverse application scenarios, we focus on developing and integrating domain-specific algorithms, IP modules, software, and solutions to meet the rapidly changing demands of emerging sections. We plan to create application-specific algorithms and build scalable and reusable IP module portfolio to provide customers with efficient, diverse, from customized to general system-level solutions. In addition, we aim to provide comprehensive support ranging from foundational software and tool software to domain specific software, delivering full-process turnkey solutions for our customers.

We will leverage our competitive strengths in technology, using representative application scenarios to drive the rapid iteration of technologies and solutions as well as deeper market penetration. By continuously enhancing our system-level solution capabilities, we aim to build a robust technological moat. In high-potential markets such as smart devices and embodied intelligence, we are steadily advancing technological innovation and commercialization, creating long-term value for our customers.

"Fast, Strong and Reusable" Strategy: Shortening Response Time, Strengthening Customization Capabilities and Implementing Trilogy of Reusability to Capture Markets and Drive Scale

In the AI era, as application scenarios evolve at an unprecedented pace, the surge in market demand for solutions addressing different application scenarios calls for rapid integration of available resources to seize opportunities and accelerate the delivery of cutting-edge solutions to customers. We remain committed to our customer-centric philosophy, and we continue to work closely with world-leading customers to create benchmark and flagship solutions to drive innovation. Through fully customized, semi customized and industry customized collaboration models, we work closely with customers throughout the solution development process. We will continuously refine our innovation and collaboration mechanisms to ensure precision and foresight in development. This enables our solutions to meet customer needs effectively while maintaining long-term competitiveness and innovativeness.

We will further enhance our Trilogy of Reusability — Technology, Customer, and Supply Chain. We will continue our construction of a standardized technology platform to improve reusability of existing technology and boosting solution competitiveness. We are committed to deepening collaboration with existing customers and expanding our solutions across more niche application scenarios. By growing with our customers, we will continue to broaden our business penetration and footprint. We will forge stronger partnerships with participants across the industry value chain. We will deepen strategic collaboration with key supply chain partners, including manufacturers and assembly and testing providers. Through close and long-term cooperation, we aim to achieve mutual success and build a strong, stable and resilient supply chain ecosystem. This foundation will ensure reliable support for our technology innovation and solution delivery.

Ecosystem Collaboration Strategy: Advancing RISC-V Industry Prosperity Through the RISAA Platform and Strengthening Value Chain Competitiveness

Innovation and development around RISC-V ecosystem has become an unstoppable market trend and shared opportunities for all industry chain participants. We will keep investing and iterating our RISAA Platform so as to continuously drive technological collaboration and synergistic innovation among all industry players, jointly creating a comprehensive RISC-V product portfolio. This will enable RISC-V to unlock new high-value markets and build a stronger, more dynamic ecosystem. Concurrently, we will provide open technical support and ecosystem enablement for the development of the RDI Alliance, accelerating the large-scale implementation of industry-specific applications and continuously optimizing and enhancing the RISC-V ecosystem.

Talent Engine Strategy: Building Innovative Talent Pool with Global Vision, Creating Value for Customers

We firmly believe that exceptional technical and market experts, and operational management specialists are the core driving force to maintain leadership position in terms of technology, solutions, and market influence. Looking ahead, we will uphold strivers-oriented core philosophy and consistently maintain our strong talent pool. By offering a competitive compensation package and long-term equity incentives, we aim to ensure the stability and continuous growth of our core talents. Simultaneously, we will actively recruit world-class experts in technology, market, operations and management, building a well-structured, innovative and visionary talent team with global vision.

By cultivating a talent engine centered on creating value for customers, we will continually empower innovation in the era of intelligence transformation.

OUR OFFERINGS

Sale of Solution

We generate revenue from the sales and delivery of our smart device and embodied intelligence solutions to customers, which combine proprietary IP modules (including our RISC-V cores, if applicable), self-developed processing hardware and software. The price depends on, among others, desired function and components, the complexity, type, level of customization and nature of our solutions, as well as overall market conditions and competitive landscape. Within our portfolio, we allow our customers to choose any solution or any combination of components in our whole stack offerings from IP modules (including our RISC-V cores), hardware, software and the whole solutions.

We form our system-level solution by combining the following six primary functions:

- ***Intelligent Perception***. Our intelligent perception is capable of perceiving information from environment in real time and converting physical signals from the real world, such as images and sounds, into digital signals, enabling digital systems to identify and process external information.

- ***Intelligent Connectivity***. Our intelligent connectivity transmits data and information and allows seamless and efficient communication between devices, systems and networks. Its core value lies in improving connection efficiency, reliability, and security in complex scenarios based on different communication protocols, no matter if private or public protocol, wired or wireless channel, or local or wider-area connection. Our intelligent connectivity integrates signal sensitivity boost, security enhancements and energy optimization, making it a foundational technology for next generation smart transformation.

- ***Intelligent Control***. Our intelligent control can effectively process data and make timely decisions, allowing smart devices to perform specific tasks efficiently and intelligently, such as motor control and display control. Our RISC-V cores usually serve as the main component of such module.

- ***Multimedia Processing***. Our multimedia processing realizes encode/decode of video and audio, picture and audio quality enhancement, the input/output of media data, etc. It supports various resolutions and refresh rates and other advanced technologies including AI-enhanced multimedia, AI-powered light adjustment, shadow enhancement and seamless picture stitching. Empowering TVs, monitors and commercial displays, it has become the core of multimedia devices.

- ***Human-Machine Interaction***. Our human-machine interaction enables touching inputs and display outputs. With its efficient and user-friendly design, it enables smooth and intuitive interactions. For instance, in the realm of touch-based interfaces, our human-machine interaction supports precise input recognition with multi-level pressure touch, ten-finger touch, high-sensitivity active stylus, and gesture unlock. They perform reliably even in challenging conditions, such as glove use or wet environments, and feature exceptional interference suppression. These features improve user experience by making devices more interactive, accessible, and responsive to human input, making it ideal for smart devices and embodied intelligence.

- ***Intelligent Computing***. Our intelligent computing is specially designed for AI tasks and is capable to efficiently perform machine learning algorithms to handle complex tasks, analyze data, and make decisions efficiently. It supports multiple task handling, different data precision and heterogeneous computing architecture, enabling high-performance and energy-efficient workloads handling. As a key part of AI infrastructure, intelligent computing enables smarter solutions across all scenarios from terminal device to edge device and further to cloud computing.

Smart Device Solutions

The world is becoming increasingly digital with the proliferation of smart and connected devices. Consumers are increasingly demanding smarter terminals due to enhanced convenience, efficiency, security and connectivity needs. Driven by such demands, even everyday products like washing machines, refrigerators, televisions, watches and other consumer electronics are becoming more advanced and intelligent.

We provide smart device solutions to consumer electronics and AIoT companies, empowering home, office and portable scenarios with capabilities including, among others, perception, multimedia processing, human-machine interaction and intelligent control. Our smart device solutions integrate, among others, (i) our RISC-V cores, if required, that allows for advanced, energy-efficient, scalable and customizable processing capabilities for a variety of specialized devices, (ii) advanced processing hardware to handle complex algorithms and processing tasks and (iii) software that enables processing hardware to operate efficiently and perform designated tasks, realize customized functions and connect to other devices and surroundings seamlessly.

Below sets forth some key use cases of our smart device solutions.

RISC-V Powered Smart Monitor Solution

We developed a RISC-V powered smart monitor solution that integrates multimedia processing, human-machine interaction and power management, providing exceptional performance, reliability and efficiency. The solution supports various resolutions and refresh rates (such as FHD 300 Hz, QHD 180 Hz, 4K 60 Hz), enables faster boot time, and integrates advanced display features like HDR and local dimming (Max 1,152 Zones) for enhanced image quality. It also supports high-speed interfaces and gaming-specific features such as low latency and smooth frame synchronization, making it ideal for immersive entertainment and office experiences. The solution also performs outstanding power management function that ensures efficient energy use and stable performance. This is achieved by reducing overall power consumption and improving display quality with innovations such as ripple compensation technology to eliminate visual distortions.

By integrating high-precision multimedia processing capabilities, advanced human-machine interaction and power management, our smart monitor solution exemplifies our commitment to delivering intelligence to elevate user experience in the era of intelligence transformation.

RISC-V Powered Mini-LED Multimedia Processing Solution

As smart devices become indispensable to daily life, smart display technologies have to go beyond high resolution and provide users with immersive video experience. We have developed our Mini-LED multimedia processing solution tailored for intelligent display in smart home, office, and commercial display environments. It adopts our RISC-V powered processing hardware that delivers high-performance with minimal power consumption. This solution integrates an intelligent backlight control system capable of managing over 5,000 Mini-LED lighting zones, able to significantly enhance contrast, color uniformity, and overall image depth, providing users with a premium visual experience. To ensure seamless motion and real-time responsiveness, the system incorporates advanced synchronization technologies that align visual rendering with display refresh rate up to 165 Hz while also supporting a wide range of interface options.

RISC-V Powered Smartphone Solution

The rapid evolution of smartphone technology has created growing demand for solutions that deliver exceptional performance, energy efficiency, and user-centric design. Such trends highlight the needs for high-refresh-rate displays, low-latency touch interactions, enhanced image processing, optimized power consumption and efficient integrated solutions.

We developed a RISC-V powered smartphone solution that integrates advanced human-machine interaction and power management modules to provide users with a smart, intuitive, and seamless interaction experience. The human-machine interaction module is designed to deliver exceptional display and touch performance through cutting-edge technologies. The touch module can support up to 480 Hz touch report rates to achieve more precise touch response. It supports multi-display technology, ultra-wide dynamic refresh rates ranging from 0.01Hz to 165Hz, and advanced image processing optimization, resulting in smoother visuals, sharper display quality, reduced power consumption and improved signal-to-noise ratio. The power management module further enhances energy efficiency and reliability with comprehensive product coverage and the lowest static power consumption in its category. By integrating these advanced human-machine interaction and power management technologies, our RISC-V powered smartphone solution sets a new standard for performance, energy efficiency, and user satisfaction in the competitive smartphone market.

Embodied Intelligence Solutions

Our embodied intelligence solutions provide customers in automotive, robotics and industrial scenarios with the ability to perceive, process, and respond intelligently to their environment in real time. Our embodied intelligence solutions integrate, among others, a series of proprietary IP modules (including RISC-V cores), processing hardware equipped with advanced processing capabilities, and comprehensive software portfolio to allow intelligent agents to better interact with physical environment.

Below sets forth some use cases of our embodied intelligence solutions.

RISC-V Powered Smart Cockpit Solution

Following the revolutionary development of smart vehicles, smart vehicle solutions are embracing more possibilities and acceptance to elevate traveling experience. Against this prospect, we provide a smart cockpit solution to implement intelligent perception, intelligent connectivity, intelligent computing, human-machine interaction and intelligent control to provide a full-dimension intelligent experience.

Powered by our RISC-V cores, our smart cockpit solution provides one-stop camera-to-display solution. It supports high-resolution displays up to 4Kx1K with 10 bit color depth for ultra-clear visuals and includes safety-critical functions such as on-screen display (OSD), failure detection and ultra-low latency display. Meanwhile, it ensures stable and reliable communication with support for long-distance wired high-speed data transmission up to 15 meters and data rate up to 6 Gbps, adaptive signal quality, and excellent electromagnetic compatibility. It also supports optimized touch interaction through advanced signal filtering and low-voltage encoding, delivering high responsiveness even under challenging conditions such as moisture or gloved operation. Furthermore, our smart cockpit solution provides camera monitor system with latency less than 20ms and low power consumption less than 500mW, featuring a highly efficient and compact design that ensures system safety and flexibility while reducing power consumption.

RISC-V Powered Intelligent Computing System Solution

We provide our flexible intelligent computing system solution that is capable to satisfy diversified computing requirements. It provides high performance of 8 RISC-V core with 1.8 GHz, supporting different computing precision (INT8, INT16 and FP16) as needed. Multiple components can also be combined to form computing clusters, creating scalable solutions for large-scale, multi-channel AI analysis. These solutions empower customers to handle various AI inference tasks, such as OCR recognition, speech analysis, search recommendations and LLM. By offering intelligent computing capabilities, our products help customers unlock the full potential of AI in diverse scenarios.

Our RISC-V powered intelligent computing system solutions can also be applied in industrial settings for multiple purposes. For instance, it empowers high-precision industrial cameras and adopts intelligent image recognition algorithms to detect microscopic surface defects with micron-level resolution, significantly improving surface defect detection accuracy. Moreover, it provides real-time monitoring of production environments by intelligently detecting violations, intrusions into hazardous areas, and abnormal equipment conditions. This ensures personnel and equipment safety during industrial production process.

License and Services

During the Track Record Period, we generate a portion of revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own processing hardware tailored for their own products or (ii) providing technical services to our customers for a fee, helping our customers achieve specific functions relating to their own products. We typically charge licensing fees based on the complexity, advancement and variety of IP modules involved. Our service fees are generally set with reference to duration, complexity of work, functionalities developed and expertise and number of engineers involved.

RISAA PLATFORM — ECOSYSTEM & TECHNOLOGY UNDERPINNING OUR SOLUTIONS

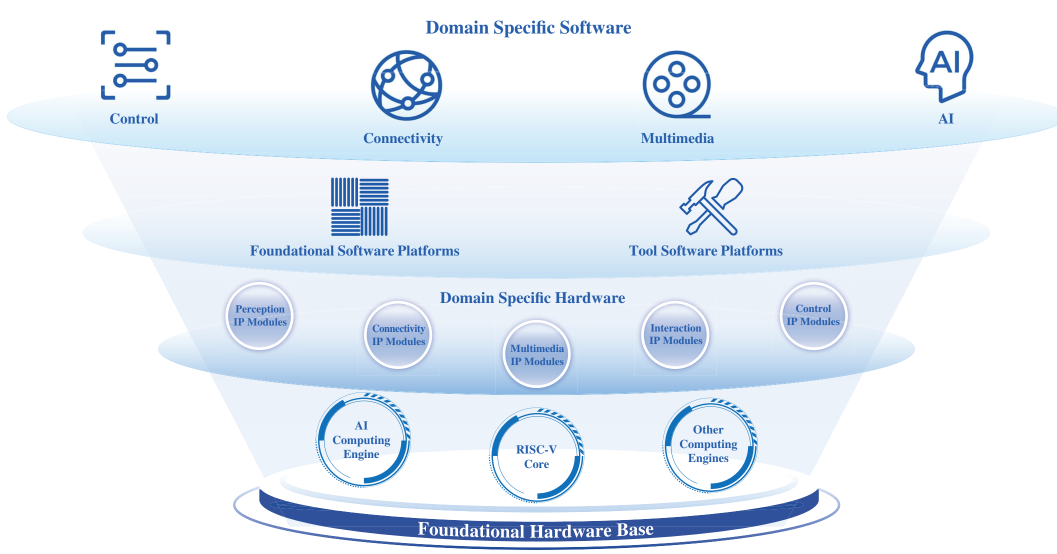
Overview

The smart device and embodied intelligence industries are facing significant challenges in the era of AI-driven computing and the rise of domain-specific applications. Traditional computing architectures struggle to address the demands of diverse demands of these industries, as they are often constrained by limited flexibility, lack of scalability, and inefficiencies in addressing domain-specific workloads. The increasing adoption of AI, coupled with the demand for more advanced and specialized processing capabilities, has created an urgent need for a unified architecture that can efficiently handle heterogeneous computing requirements across a wide range of application scenarios in smart device and embodied intelligence industries.

RISC-V is uniquely positioned to address the challenges of the AI era due to its openness, efficiency, flexibility, and technical scalability. The open and modular design of RISC-V allows for customization tailored to optimize AI related workloads like generative AI while maintaining high energy efficiency. Furthermore, its openness encourages collaborative ecosystem to build among different developers and organizations, ultimately breaking constraints of many traditional architecture and fostering innovation in intelligent computing. However, the lack of standardization and limited availability of RISC-V resources have hindered the development of a robust ecosystem, slowing down innovation and limiting the adoption of RISC-V based technologies in smart device and embodied intelligence industries.

In response to such industry challenges, we launched the RISAA (RISC-V + AI) ecosystem & technology platform (the "**RISAA Platform**"), a unique platform powered by RISC-V, AI and other foundational computing technologies. The RISAA platform is designed to accelerate the development and adoption of RISC-V, AI and other foundational computing technologies across industries. It empowers developers and ecosystem participants to innovate and create applications based on our existing smart device and embodied intelligence solutions without the need to construct complex systems from scratch.

The following diagram illustrate the components as well as the technologies underpinning our RISAA platform. The ecosystem participants can choose the full stack offerings or any combination of components in the stack to form a customized solution tailored for its unique needs.



The RISAA Platform represents our transformative initiative that aims to lower development barriers and attract a growing number of developers and industry partners into our RISC-V ecosystem and to adopt our RISC-V powered smart device and embodied intelligence solutions. By providing pre-built RISC-V cores, domain specific IP modules, and various software platforms, the RISAA Platform enables rapid creation of tailored solutions, fostering greater participation and innovation within the RISC-V ecosystem. This approach not only enhances the scalability of RISC-V technologies but also expands the reach of our solutions across multiple industries including, among others, education, transportation, and energy.

Foundational Hardware Base

Foundational hardware base is the essential hardware architecture or framework that provides the computational and processing foundation for a system. It is the core layer of hardware components that enables the functioning of higher-level software and applications. The foundation hardware platform of our RISAA Platform, includes our RISC-V cores, AI computing engine and other computing engines. The foundational hardware base is critical because it determines the capabilities and efficiency of the entire system. By integrating advanced components like RISC-V cores, it enables modern devices to handle complex workloads and provide reliable performance while remaining energy-efficient.

Through years of development, we have accumulated a number of RISC-V core IP modules and know-hows. For instance, we have introduced various RISC-V cores to deliver versatile, adequate-performance and energy-efferent solutions tailored for a wide array of applications. The architecture emphasizes modularity, allowing developers to incorporate custom extensions to optimize cores for specific workload. Additionally, our RISC-V cores prioritize functional safety and real-time performance, ensuring compliance with industry standards for safety-critical and/or timing critical applications. These capabilities are particularly valuable in automotive systems, industrial robotics, and other environments where reliability and precision are essential. For instance, one of our 64-bit RISC-V cores features advanced pipelines and supports for encryption and parallel computing workloads, with ASIL-B compliance. Another 32-bit RISC-V core focuses on low power consumption, cost efficiency, and real-time functionality, with ASIL-D compliance. As a result, these IP modules support diverse use cases, from general-purpose computing to specialized automotive and security applications.

In particular, our RISC-V technologies are renowned for the following characteristics:

- ***Application-Defined Customization Capabilities***. With in-depths knowledge of RISC-V ISA, we are able to go beyond surface-level modifications and create customized enhancements at the core architecture level of processing hardware. This approach involves analyzing the unique requirements of each use case and tailoring the RISC-V cores to meet those needs. By focusing on application-defined architecture design, we break away from the limitations of traditional processing hardware and develop highly customized RISC-V cores that cater to the specific needs of various application domains. This enables us to deliver performance improvements, energy efficiency, and functionality that are optimized for the target application.

- ***Lightweight Architecture Without Legacy Burden***. RISC-V was designed with simplicity and efficiency in mind. By focusing on a minimal and essential core computing demand, our RISC-V architecture eliminates the need to support outdated or redundant instructions, which reduces design complexity, power consumption, and cost. This streamlined approach ensures that our RISC-V powered solutions are inherently efficient, particularly in areas where low power, small size, and low cost are critical.

- ***Scalability and Modular Design***. The modular design philosophy underpinning our RISC-V architecture allows developers to build different levels of computation capabilities and features for different applications, from end devices to high-performance servers. This level of scalability and modularity is difficult to achieve with traditional architectures. This scalability and modularity enables developers to customize the architecture without the constraints of a rigid architecture.

- ***Cost-Effectiveness and Open Ecosystem***. RISC-V's openness significantly reduces licensing and development costs compared to other proprietary architectures. Developers can access the architecture freely, avoiding the high licensing fees associated with ARM or x86 IP modules. Moreover, the open-source model fosters global collaboration, attracting developers worldwide to contribute to the RISC-V ecosystem. This has led to rapid innovation and a growing pool of tools, software, and resources available for RISC-V development.

Meanwhile, our AI computing engine which supports our foundational hardware base is specially designed to enhance AI processing performance, offering the following features:

- ***Extensive Hardware Acceleration***: Our AI computing engine accelerates key operators in CNNs and LLMs, such as convolution, matrix multiplication, linear and nonlinear functions. These hardware-accelerated operators deliver significant improvements in execution speed and energy efficiency, improving the execution efficiency of algorithms.

- ***Scalability***: In addition to hardware-accelerated operators, our AI computing engine includes RISC-V vector extensions to efficiently handle non-hardware-accelerated operators, ensuring the scalability of AI processing capability. Furthermore, our AI computing engine supports standardized, parameterized user interfaces, allowing users to configure hardware parameters and operator chaining to suit various neural network workloads.

- ***Efficient Bandwidth Usage***: Our AI computing engine adopts a multi-level cache design that provides high local bandwidth and flexible memory access network for efficient data exchange between hardware operators. This design meets the substantial bandwidth demands of internal data exchange within the processing hardware. Our AI computing engine also fully optimizes the data reuse opportunities wherever possible to reduce memory access needs, realizing lower bus contention and power consumption.

Domain Specific Hardware

To enhance the competitiveness as well as the market acceptance of our system-level solutions, we have, over the years, expanded the domain specific hardware of our solutions. Domain specific hardware is specialized hardware designed and optimized for specific applications. Unlike foundational hardware base, domain specific hardware focuses on delivering performance, efficiency, and specialized functionality tailored to particular use cases by integrating various specialized IP modules, each designed to address critical application demands in certain industries. These IP modules include a wide variety of modules on, among other things, (i) various control IP modules designed for precise and reliable controls, (ii) image processing IP modules focused on advanced image rendering, color calibration, display optimization and timing control, (iii) power management IP modules providing energy-efficient power solutions to extend device lifecycles and reduce energy consumption, (iv) wireless communication IP modules delivering highly efficient and reliable wireless communication capabilities, (v) high-speed interface IP modules enabling ultra-fast data transfer and communication, (vi) RF communication IP modules supporting robust radio frequency signal processing for advanced communication systems, and (vii) human-machine interaction IP modules enabling precise, responsive, and intuitive user interfaces. For details on functions realized by such domain specific IP modules, see "— Our Offerings — Sale of Solution."

Foundational Software Platform

Our foundational software platform is the foundational software layer that enables hardware to function seamlessly and reliably. It acts as a bridge between the hardware and higher-level applications, ensuring that different hardware components can work together efficiently. By providing a unified, standardized layer, it simplifies software development on the upper level, increases reusability, and reduces the complexity of supporting various hardware configurations. In particular, our basic software platform assists with the following:

- ***Abstract Hardware Complexity.*** Hardware in modern systems can vary widely. The foundational software platform abstracts these differences, making it easier for developers to focus on creating applications without worrying about the underlying hardware.

- ***Improve Efficiency and Reusability.*** By offering a common set of application framework, tools and interfaces, the foundational software platform allows software components to be reused across different devices and scenarios, saving time and resources.

- ***Support a Wide Range of Functionality.*** It includes key components such as:

  - *Drivers and Firmware:* ensure hardware components (e.g., storage, audio, video, and other processing hardware) to operate correctly, enabling them to communicate with the software.

  - *Operating Systems:* provide core functions such as managing processes, memory, and hardware resources. Examples include Android, RTOS and Linux.

  - *Application Frameworks:* simplify the development process of specific types of applications by defining foundational structure and basic rules, and providing common functionalities for software development.

  - *Middleware and System Libraries:* facilitate seamless communication and data exchange between software components, and provide essential tools and common functionality for developers.

By streamlining software development and enabling efficient hardware-software integration, the basic software platform reduces costs, accelerates time-to-market, and ensures compatibility across a wide range of devices and use cases. This makes it a critical enabler of innovation in industries such as consumer electronics, automotive, and enterprise computing.

Tool Software Platform

To expedite the development process of ecosystem participants, we offer a suite of toolchains that streamline the development process for RISC-V powered systems. The availability of various toolchains tailored to our RISAA Platform creates a seamless experience for developers, reducing complexity and accelerating project timelines. This user-friendly approach enhances customer satisfaction and loyalty, which are critical for our long-term growth.

- ***Integrated Development Environment:*** provide developers with a unified platform to program, debug, and integrate code efficiently.

- ***Compliers:*** translate and optimize high-level code into machine readable code tailored to work efficiently with our processing hardware.

- ***Debugging Tools:*** help developers identify and fix software issues using features like breakpoints, step-by-step execution, and memory inspection.

- ***Performance Analysis Tools:*** analyze system performance, identify bottlenecks, and provide visual insights to improve efficiency and scalability.

- ***Simulation Tools:*** allow users to test and debug their software by emulating functionality of the underlying processing hardware.

- ***Production and Release Tools:*** automate the process of building, managing, and releasing software versions with minimal manual effort.

- ***Security Tools:*** enable secure boot and runtime by configuring keys and encryption settings for system protection.

- ***AI Model Tools:*** enable developing, optimization, seamless conversion and deployment of AI models for on our solutions.

Such toolchains are vital elements of technology, driving developer productivity and adoption of our hardware platforms. These toolchains are key enablers of our competitive edge, innovation potential, and ecosystem expansion, ultimately contributing to our long-term revenue growth and success.

Domain Specific Software

Our domain specific software is a collection of reusable software modules designed to enable and optimize the operation of domain specific hardware. By standardizing core software components, such software simplifies upper layer software development, and ensures that the specialized hardware operates efficiently and reliably for its intended use.

- ***Control Domain.*** We have deployed a cluster of supporting software to enable control-specific hardware, including, among others, (i) a motor control library that helps developers easily adjust motor settings and control parameters; (ii) a sensor algorithm library that accurately models the behavior of various sensors, such as temperature sensors, even with non-linear characteristics, to meet customer precision requirements; (iii) a security protocol library that works through controllers to run encryption algorithms, saving computing resources and ensuring fast, secure responses; and (iv) a deep sleep/wake support library that allows devices to enter deep sleep and quickly recover after power failure, achieving ultra-low power consumption.

- ***Connectivity Domain.*** We have developed a series of software to help devices better connect with its surroundings, including, among others, (i) a WiFi communication protocol stack for WiFi access, authentication and data communication that supports features like OFMDA, TWT and high-speed data transmission under WiFi6; (ii) a BLE communication protocol stack that supports BLE 5.0 for access, authentication, and data transfer, and includes a standard interface to ensure compatibility with a wide range of BLE hosts; (iii) a network protocol stack that provides customized protocol stacks for AIoT scenarios, supporting various network communication protocols to meet diverse connectivity requirements; and (iv) a cloud service connection library that supports a variety of cloud service connections, enabling convenient development of cloud applications.

- ***Multimedia Domain.*** We have developed a suite of software components specifically designed for multimedia applications, including, among others, (i) protocol stacks for ensuring seamless and high-quality transmission over various multimedia-specific interfaces such as HDMI and DP; (ii) an independently developed picture quality (PQ) enhancement library which provides fine-tuned control over PQ hardware functions and parameters to deliver optimal visual performance; and (iii) audio and video coding libraries that support the encoding and decoding of multiple media formats. These components are closely tied to the functional control of multimedia hardware.

- ***AI Domain.*** We have developed a comprehensive set of software components tailored for AI computing, including, among others, (i) a variety of mathematical libraries and operator libraries optimized for our architecture; (ii) a library of AI algorithm models providing developers with ready-to-use prototypes; and (iii) framework support modules that ensure smooth integration with mainstream deep learning frameworks. These foundational libraries and algorithm prototypes are essential for developers to quickly understand the structural features and programming logic of our AI hardware, enabling rapid deployment and optimization of intelligent algorithms. They have undergone continuous iteration and optimization to maximize hardware resource utilization, making them one of our key competitive advantages.

RESEARCH AND DEVELOPMENT

We invest significant resources in research and development to improve our technology and solution capabilities. We believe a strong research and development capability is crucial to our continued success and ability to develop innovative solutions offerings to keep up with rapid development and advances in the market we operate. We closely attend to the needs of our customers and respond to their feedback and requests through rolling out new solutions and improving the functionality of, and adding new features to, our existing solutions. We believe our strong research and development capabilities are a core competitive strength and have led to our leading position in the industry.

Our R&D Talents and Investments

As of December 31, 2024, we have 1,262 full time-equivalent research and development employees, representing 71.1% of our total employees, among which approximately 70% received a degree of master or above. In 2022, 2023 and 2024, we recorded research and development expenses of RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million, respectively. Our research and development expenses as a percentage of our total revenue reached 72.0%, 82.5% and 66.0% in 2022, 2023 and 2024, respectively.

Our R&D Process

We have established a structured and efficient R&D mechanism to adapt to the rapidly evolving demands of customers. By adhering to a cautious yet focused development strategy, we ensure core strengths are consolidated and expanded without pursuing large-scale expansion. This approach allows us to maintain stable growth while responding effectively to market fluctuations.

The below chart illustrates the phases of our R&D project development process.

- ***Concept Proposal***: Product concepts proposed based on market needs.

- ***Market Review***: Evaluating and approving market direction by internally established market committee.

- ***Technical Evaluation***: Evaluating technical feasibility and providing implementation advice by internally established technical committee.

- ***Project Approval***: Formal project initiation and allocation of resources.

- ***Design and Validation***: End-to-end architecture and solution design and validation.

- ***Pilot Production***: Completion of the pilot production of the product.

- ***Customer Validation***: Collaborating with our customers to test and validate our solutions.

- ***Mass Production***: Final stage where the product is launched into full-scale production.

The development cycle of each product is tailored to the complexity involved and requirements of target customers. Small scale solutions, which are less complex, typically require a development cycle of 6 to 12 months from concept to mass production. In contrast, more large-scale solutions, which involve more intricate designs and advanced functionalities, can take up to 2 years to complete. By adhering to such timelines, we ensure the timely delivery of high-quality products that meet market demands while maintaining the flexibility to adapt to changing project requirements.

INTELLECTUAL PROPERTY

Since our inception, we have internally developed a variety of intellectual property rights. As of December 31, 2024, we have 335 granted patents, 59 copyrights, as well as 159 trademarks both in China and overseas. We also own four domain names in China, as of December 31, 2024. See "Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" in Appendix IV to this Document for details of our material intellectual property rights. As of the Latest Practicable Date, we have filed over 1,600 patents and have more than 300 granted patents.

The below table sets forth details of our key invention patents as of the Latest Practicable Date.

Patent Name	Registration No.	Functions	Authorization Date	Expiry Date
Data moving method for direct memory access apparatus	US 12174766 B2	Uses parsed data mapping for efficient transfers, enhancing system flexibility and reducing complexity from specific mappings.	2024.12.24	2043.03.15
Processing apparatus and system for performing data processing on multi-channel information	ZL 202210168418.8	Uses data preloading and dual polling scheduling to reduce latency during channel switching, maintaining pipeline continuity.	2024.04.26	2042.02.23
Processor booting method, heterogeneous processor system, and processor booting apparatus	ZL 202111518040.1	Ensures firmware legitimacy during processor startup via co-processor verification, preventing unauthorized modifications.	2024.04.12	2041.12.13
Source driver system, its signal synchronization method, and display apparatus	ZL 202210325724.8	Shares enable signals across rows to prevent serial display and improve image accuracy and color consistency.	2023.03.21	2042.03.29
Over-driving method and apparatus, display device, electronic device, and storage medium	US 12039938 B2	Enables overdrive compensation without frame memory, improving display quality and lowering cost.	2024.07.16	2043.01.18
Transmitter, transceiver and signal transmission method therefor	US 12057877 B2	Uses current-mode transmission to avoid interference, improve SNR, and extend processing hardware life.	2024.08.06	2043.02.08
A RF attenuation apparatus, method, and RF communication device	ZL 202211697520.3	Improves linearity and precision in radio frequency modules by enhancing hardware design and impedance matching.	2024.04.02	2042.12.28

Patent Name	Registration No.	Functions	Authorization Date	Expiry Date
Automatic gain control system	ZL 202210185341.5	Simplifies AGC design to reduce power and cost while maintaining accurate detection under varying conditions.	2023.03.21	2042.02.28
Intelligent equipment controlling method, apparatus and system .	ZL 202210751855.2	Solves cross-platform computing deployment, improves resource utilization, and enables computing flow across devices	2024.03.22	2042.06.29
Computing power scheduling methods, systems, electronic devices and computer-readable storage media	ZL202110812523.6	Enhances code development efficiency and user-friendly operation, and enables unified control of multiple smart devices	2024.12.31	2041.07.19
Method and apparatus for backlight control and display device	US 12165603 B2	Adjusts voltage levels flexibly and ensures reliable operation across different voltage levels	2022.12.30	2043.01.12
Driving system, driving method, computer system and non-transitory computer readable medium	US 11973140 B2	Reduces power consumption, ensures image brightness consistency, and minimizes uneven brightness artifacts to enhance quality	2022.01.05	2042.07.31

We believe these intellectual property rights are critical for us to reinforce our substantial barriers and we intend to continue to develop more advanced algorithms, software and hardware with stronger computing power and efficiency, which are expected to bring long-term benefits. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. See "Risk Factors — Risks Related to Our Business and Industry — We may become subject to litigation brought by third parties claiming infringement by us of their intellectual property rights."

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

SALES AND MARKETING

Overview

We have a comprehensive and structured sales and marketing team that operates across five core functional areas: market planning, product planning, customer and sales, product promotion and technical support. Each area plays a distinct yet interconnected role in driving our market presence, aligning our products and technologies with customer needs, and uncovering new growth opportunities. As of December 31, 2024, we had 245 employees responsible for marketing planning, product planning, customer and sales, product promotion, and technical support.

- ***Market Planning***. Our market planning team is our strategic hub where regular market research and analysis over the global economic and political dynamics as well as technology, industry and supply chain development are formulated. It identifies potential markets and delivers targeted marketing and product strategy based on overall understanding of the market, our mid- to long-term product planning strategies. Meanwhile, through industry summits, specialized exhibitions and customers workshops, the team helps promote our technologies and solutions to a wider audience, strengthening our recognition and influence.

- ***Product Planning***. Our product planning team oversees solution lifecycle from initial concept design to end-of-life. It formulates mid- to long-term product planning strategies based on technological trends and market demands and coordinates different departments to integrate customer demands into our product planning and sets our internal solution projects accordingly. The team also develops internal models on product competitiveness and profitability to ensure commercial viability of new product. In addition to planning, it also provides quality control assistance during R&D process, cost optimization strategy to our supply chain and comprehensive libraries of case studies to assist sales efforts.

- ***Customer and Sales.*** Our sales team develops a customer value-driven sales network where customer profiles are comprehensively analyzed to deliver customized and differentiated sales strategies. It identifies customer needs and coordinates with R&D team to deliver customized, end-to-end solutions. It also establishes a customer service framework where regular business reviews mechanisms are implemented to enhance customer satisfaction. In addition, the team explores, evaluates and trains our distributors to further enhance our sales network.

- ***Product Promotion***. Our product promotion team focuses on the technical requirements of our customers. It meets customer's technical needs by aligning their product demands with our available technical resources. It maintains a regularly updated technical libraries, allowing us to rapidly respond to technical inquiries from customers and accelerate the validation and implementation of our solutions in customers' products. In addition, the team also hosts technical workshops to enhance customer collaborations and regularly solicits customer feedback to improve performance.

- ***Technical Support.*** Our technical support team consists of field application engineers responsible for resolving customer issue and assisting with customer integration. Over time, it has constructed a comprehensive technical support systems with an industry knowledge base and product issue library with solutions for typical scenarios, ensuring rapid response to customer issue. It also formulates preventive support plans to mitigate risks through failure analysis. The team establishes a training system to develop a skilled engineering team and forms cross-departmental task forces to optimize the resolution of complex technical issues faced by our customers.

Our Sales Channels

In both non-domestic and domestic markets, we have established two main sales channels: (i) direct sales, and (ii) distribution.

The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the years indicated

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Direct sales	1,829,253	91.5	1,597,654	91.2	1,854,843	91.6
Distribution	170,465	8.5	154,531	8.8	170,536	8.4
Total Revenue .	**1,999,718**	**100.0**	**1,752,185**	**100.0**	**2,025,379**	**100.0**

Direct Sales

Direct sales are essential for engaging customers, showcasing solution capabilities, and building our brand. In particular, we utilize our direct sales network to manage our key customers, which plays a crucial role in introducing and demonstrating our advanced and complex solutions that require more sophisticated expertise. With a direct communication line to key customers, our team can offer personalized support, gather insights on solution performance, and stay ahead of market trends. Our sales team works closely with customers to meet their needs, continuously improving our solutions based on their direct feedback.

The following sets forth the salient terms of our standard direct sales agreement:

- ***Work Scope and Project Details:*** The contracts typically detail the types as well as the quantities of solutions provided by us to the customer.

- ***Pricing:*** The price of the solution shall be negotiated in good faith and agreed between parties with unit price reviewed and adjusted periodically. Pricing typically cannot increase unless agreed by the parties.

- ***Forecasting and Ordering:*** Purchasers shall provide periodic forecasts to us for production planning purposes and actual purchase of solutions will be communicated separately on a purchase order basis.

- ***Delivery:*** We are typically responsible to meet the delivery dates, specifications and quantities as set forth in the agreement.

- ***Payment:*** Purchasers are required to make timely payment under the requirements and conditions set forth in the purchase orders or contracts.

- ***Maintenance:*** We shall provide full technical support, including providing manuals, drawings, plans and other documentation, and shall make available any solution upgrade, improvement or retrofit to the customer at competitive costs.

Distribution

We have also developed a network of distributors, allowing us to constantly expand our customer outreach. In 2022, 2023 and 2024, our distribution channels accounted for 8.5%, 8.8% and 8.4%, respectively, of our total revenue. As of December 31, 2024, we had 25 distribution partners serving both domestic and international markets.

The following table sets forth the movement in the number of our distributors during the Track Record Period:

	For the Year Ended December 31,		
	2022	2023	2024
At the beginning of the year	10	18	20
Addition:	9	6	5
Exit:	1	4	0
As of the end of the year	**18**	**20**	**25**

Note: Entities ultimately controlled by the same party are counted once and not repeatedly.

We engage third-party distributors to sell our solutions, which is consistent with the industry norm. We believe our distributors help us effectively execute our marketing strategies specifically tailored to each geographical location. We and our distributors constitute a seller and buyer relationship. Accordingly, we recognize revenue when our solutions are delivered to and accepted by the distributors. Throughout the Track Record Period, we have maintained strong relationships with our distributors and experienced no significant disputes or conflicts. These solid distributorship relationships have been a key factor in the stability and success of our distributor network.

The number of distributors increased during the Track Record Period. The increase in the number of distributors from 18 as of December 31, 2022, to 20 as of December 31, 2023 and to 25 as of December 31, 2024 is driven by our strategic decision to target customers in certain emerging markets. Rising demand from customers in sectors like smart devices and embodied intelligence has created significant opportunities. To capitalize on this growth, we partnered with selected groups of distributors with regional and industrial influence to effectively penetrate into such markets. This approach ensures precise market coverage and allows us to meet the specific needs of customers in fast-growing sectors.

We have established a comprehensive distributor management mechanism to ensure efficient collaboration and maintain control over its distribution channels. Internally, we follow a strict qualification process to onboard distributors, guided by well-defined policies and procedures. Externally, we sign detailed distribution agreements with our partners, which outline key terms. The collaboration operates on a buyout model, where distributors purchase products outright. Under such model, we establish a regular communication mechanism with our distributors, which covers comprehensive aspects including sales activities and client interactions. Further, we conduct guidance and management on certain core operation indicators including pricing system, product flow, procurement quantities and distribution cycles. To further strengthen customer relationships, we actively participate in diversified customer maintenance activities directing at ultimate clients of distributors. This includes providing solid technical support systems with an industry knowledge base and product issue library for our customers, ensuring rapid response to customer issue and thereby cultivating long-term stability and customer satisfaction.

The following sets forth the salient terms of our standard distribution agreement:

- ***Work Scope and Project Details:*** The distribution agreement typically specifies the type of products as well as the geographic regions covered.

- ***Pricing:*** The price of the solution shall be negotiated in good faith and agreed between parties. We provide a suggested price as a reference and the distributors is prohibited from selling our products in malicious low-price dumping.

- ***Risk Allocation:*** All significant risks, including inventory risks, are transferred to our distributors upon delivery and acceptance.

- ***Payment and Delivery:*** Upon each purchase order, we would ship materials upon fulfilling contractual conditions.

- ***Maintenance and Service:*** We typically provide maintenance and post-sale services to distributors within a 12-month period.

OUR CUSTOMERS

Our Collaboration Model with Customers

We offer distinct commercial collaboration models to address the diverse needs of our customers. Each provides a tailored approach to product development, balancing customization, scalability, and cost-efficiency. These models enable us to meet the varying requirements of customers, from fully customized solutions to semi-customized and industry customized solutions:

- ***Fully Customized Model.*** The fully customized model provides customers with fully customized solutions that are designed and developed to meet their unique requirements. This model is particularly suited for customers with highly specific performance, functionality, or system integration needs that cannot be addressed by standard products and existing products of such customers. Together, we innovate with our customers in new application scenarios and settings. This approach optimizes the product's functionality and architecture for specific tasks, resulting in significant cost and energy efficiency advantages compared to standard products, especially in large-scale production. In the fully customized model, we work closely with the customer from the initial concept stage through to mass production. The process typically begins with an in-depth understanding of the customer's application requirements, including performance specifications, power consumption targets, and system constraints. Our R&D and marketing team collaborates with the customer to define the architecture, design the processing hardware, and validate its functionality. The process also involves selecting the appropriate parameters and manufacturing technologies to optimize performance, cost, and manufacturability.

- ***Semi-Customized Model.*** The semi-customized model utilizes a standardized or existing platform to help meet different customer needs while making product development faster and less expensive. This model is well-suited for customers who require a degree of customization but also want to leverage standardized or existing platform design to reduce development time and costs. Under the semi-customized model, we collaborate with customers to modify or enhance a standard spec to better suit their specific application needs. This may involve customizing certain programmable features, such as adding specific interfaces, adjusting power or performance parameters, or integrating additional functionality. By building on an existing platform, the semi-customized model enables faster time-to-market and lower development costs compared to a fully customized model.

- ***Industry Customized Model.*** The industry customized model offers customers pre-designed solutions that are optimized for specific applications based on the industry standards and common requirements from industry leading customers. This model is ideal for customers who require proven, reliable solutions with minimal development time and cost. We develop targeted optimized solutions tailored to industry trends while adhering to common industry standards. This allows customers to directly benefit from a ready-to-use solution for specific industries.

Top Five Customers

During the Track Record Period, our customers mainly include AIoT, consumer electronics and technology companies seeking innovative and reliable solutions to enable their devices to better interact with environments and perform more advanced tasks. Additionally, our customers also include distributors who procure our solutions and resell to businesses in need of our smart device and embodied intelligence solutions. In 2022, 2023 and 2024, the aggregate revenue generated from our five largest customers were RMB1,774.7 million, RMB1,588.7 million and RMB1,792.2 million, representing 88.7%, 90.7% and 88.5% of our revenue, respectively, during each years of the Track Record Period. Revenues generated from our largest customer in the same years during the Track Record Period were RMB1,577.9 million, RMB1,437.9 million and RMB1,555.2 million, representing 78.9%, 82.1% and 76.8% of our revenues, respectively.

The following tables set forth details of our five largest customers in each year during the Track Record Period:

Rank	Customers	Type of Purchase	Background	Approximate Years of Business Relationship	Revenue	% of Our Total Revenue
					(RMB in millions)	*%*
For the year ended December 31, 2022						
1. . .	Customer A[(1)]	Solutions	An A-share listed leading IoT provider of intelligent interface products and professional services incorporated in China	Six years	1,577.9	78.9
2. . .	Customer B[(2)]	Solutions	A technology company focusing on new materials established in Taiwan	Four years	75.7	3.8
3. . .	Customer C	Solutions	A leading global provider of processing hardware established in Japan, listed on Tokyo Stock Exchange	Five years	46.7	2.3
4. . .	Customer D	Solutions	A computer technology service provider established in China	Four years	44.5	2.2
5. . .	Customer E	License and services	A communication technology service provider established in China	Three years	30.0	1.5
For the year ended December 31, 2023						
1. . .	Customer A[(1)]	Solutions	An A-share listed leading IoT provider of intelligent interface products and professional services incorporated in China	Six years	1,437.9	82.1
2. . .	Customer B[(2)]	Solutions	A technology company focusing on new materials established in Taiwan	Four years	72.7	4.1
3. . .	Customer F	Solutions	An A-share listed digitalization and information technology service provider incorporated in China	Two years	29.1	1.7
4. . .	Customer G	Solutions	An electronic equipment distributor established in China	Two years	24.6	1.4
5. . .	Customer H	Solutions	A globally leading multinational conglomerate specialized in consumer electronics and processing hardware, listed on the Korean Exchange	Three years	24.5	1.4

Rank	Customers	Type of Purchase	Background	Approximate Years of Business Relationship	Revenue	% of Our Total Revenue
					(RMB in millions)	%
For the year ended December 31, 2024						
1. . .	Customer A[1]	Solutions	An A-share listed leading IoT provider of intelligent interface products and professional services incorporated in China	Six years	1,555.2	76.8
2. . .	Customer G	Solutions	An electronic equipment distributor established in China	Two years	107.3	5.3
3. . .	Customer I	Solutions	A display solution provider established in China	Three years	66.0	3.3
4. . .	Customer J	Solutions	A display and voice integrated circuit designer established in China	Three years	33.0	1.6
5. . .	Customer H	Solutions	A globally leading multinational conglomerate specialized in consumer electronics and processing hardware, listed on the Korean Exchange	Three years	30.7	1.5

Notes:

(1) Customer A consolidates all of its subsidiaries within the same group.

(2) Customer B and Supplier A refer to the same entity. Our business relationship with it as our customer started in 2021. For details, see "— Overlapping of Customers and Suppliers"

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were Independent Third Parties. To the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Our Relationship with Customer A

Background

In 2022, 2023 and 2024, Customer A was our largest customer in each year during the Track Record Period. Revenues generated from Customer A amounted to RMB1,577.9 million, RMB1,437.9 million and RMB1,555.2 million, representing 78.9%, 82.1% and 76.8% of our revenues in 2022, 2023 and 2024, respectively.

Customer A is an A-share listed leading IoT provider of intelligent interface products and professional services. Customer A purchases our smart device solutions, integrates them into Customer A's own products, and subsequently sells the final products to end customers. Under our collaboration model with Customer A, while Customer A integrates our solutions into its final product, we maintain close interaction with ultimate clients by negotiating with them closely on, among others, solution design, development, promotion and delivery. This collaborative model enables us to deepen our collaboration with Customer A while gaining know-hows on demands of ultimate clients, enhancing our industry recognition.

The key terms of the agreements primarily include the following.

- ***Duration:*** The agreement generally remains effective for one year with automatic extension;
- ***Pricing:*** Prices of the deliverables are specified in each purchase order under the framework procurement agreement;
- ***Payment:*** We generally require payments within 90 days of month-end in which the deliverables are delivered and accepted;
- ***Risk Allocation:*** All significant risks are transferred to Customer A upon delivery to carrier;
- ***Period of Warranty:*** We are responsible for providing repair or replacement during the warranty period, which generally ranges from 24 to 39 months upon delivery and acceptance subject to product type;
- ***Termination:*** The agreement generally can be terminated if (i) there is a material failure to perform and such party fails to remedy the situation without justification within 30 days after written notice by the other party, or (ii) if a party goes bankrupt, ceases operations, or is found to be transferring its property or withdrawing its capital with the purpose of evading its liabilities.

During the Track Record Period and up to the Latest Practicable Date, we maintained a stable relationship with Customer A and there was no material interruption or dispute in respect of our cooperation with Customer A. However, we cannot guarantee that Customer A will continue to partner with us or will not reduce its business with us. Given our substantial revenue concentration on Customer A, if Customer A decides to terminate or decrease the level of its cooperation with us in the future, it may result in a material and adverse effect on our business, financial condition and results of operations. For details, see "Risk Factors — Risks Related to Our Business and Industry — A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues."

Reasons for Our Customer Concentration on Customer A

We believe that the high customer concentration on Customer A is attributable to the following factors:

- ***Industry Norm to Maintain Close Collaboration with Market Leaders:*** Customer A's global leadership in intelligent interface technology establishes it as an essential player in the smart device solutions value chain. It is an industry norm and commercially advantage for suppliers to forge close cooperation with market leaders. According to Frost & Sullivan, historical trends across comparable industries further reflect this practice, where reliance on major customers is instrumental in building market credibility and driving long-term growth. Moreover, according to Frost & Sullivan, to ensure the stability of supply chains, market leaders are unlikely to terminate their collaborations with their key partners to maintain long-term cooperative relationships. Similarly, for suppliers like us, deriving a substantial portion of revenue from a major customer is a common practice, especially in cases where resources of such suppliers are limited and shall be concentrated on research and development and market expansions. Under such scenario, it is commercially rational and strategically advantageous for us to rely on a leading player like Customer A to ensure effective commercialization and market penetration. In addition, the prominent market share of Customer A in the industry value chain also brings us exposure to massive market opportunities and helps us to establish our leading position in upstream industry. Consequently, we strategically prioritize relationships with industry leaders to secure stable revenue streams, enabling efficient resource allocation toward innovation and scaling operations.

- ***Strategic Focus on Lighthouse Customer:*** Our comprehensive and expanded collaboration with lighthouse customer with significant market leadership is the result of a carefully considered move during the early stages of our business development. We recognized that delivering exceptional service to a single lighthouse customer and successfully validating this collaborative model would be critical to our long-term growth. Through our collaboration with industry leaders, we have gained deep insights into the needs and expectations of top-tier customers, fine-tuned our processes, and built a foundation for excellence. This experience equips us to apply the proven methodologies and best practices we developed with existing customers across other clients in the future, positioning us to scale our business effectively and confidently. While this approach has resulted in a high level of revenue concentration from Customer A during the Track Record Period, it has also provided us with invaluable experience in working with an industry-leading client.

- ***Deep Collaboration Model with Customer A:*** Our relationship with Customer A cannot be simply defined as a traditional customer-supplier relationship. In many projects with Customer A, we work not only with Customer A but also directly with Customer A's ultimate clients to address their specific needs. We actively engage with ultimate clients to understand their requirements, including hosting various technical discussions, and incorporate their feedback into our solution design, development, promotion and delivery. Under this collaboration model, Customer A acts as our close partner rather than a conventional customer. We work closely together to meet the demands of ultimate clients. In some cases, our technological capabilities are highly regarded that ultimate clients specifically request our involvement in projects.

Risk Mitigation Measures

Given the high revenue concentration on Customer A, any decision by Customer A to reduce or terminate its cooperation with us could materially and adversely affect our business, financial condition, and results of operations. See "Risk Factors — Risks related to Our Business and Industry — A small number of customers contributed to a vast majority of our revenues during the Track Record Period and any loss of such customers would result in significant declines in our revenues." However, our Directors believe that the risk of Customer A significantly reducing or ending its cooperation with us is relatively low for the following reasons:

- ***Mutually Beneficial Relationship with Customer A:*** We have maintained a close and stable partnership with Customer A with no material interruptions or disputes during the Track Record Period and up to the Latest Practicable Date. This longstanding collaboration enables us to maintain a mutual understanding and trust, which serves as the foundation for continued cooperation and growth. We envision no material obstacles to our collaborations with Customer A, and we intend to extend this collaboration model to our other customers to enhance both breadth and depth of our customer relationship.

  Our relationship with Customer A is mutual, as we are highly familiar with Customer A's specific needs and requirements. Leveraging years of strong and stable relationship and deep insights over Customer A's needs, we are the strategic domestic smart device and embodied intelligence solution provider who is capable of providing comprehensive and cost-effective offerings at scale to address Customer A's needs for advanced intelligent interface technology. This understanding allows us to deliver value to Customer A while also driving innovation and operational efficiency and exploring front-line business initiatives. Furthermore, our deep collaboration model with Customer A as detailed above underscores our indispensable role in the broader supply chain. It also demonstrates our ability to deliver value not only to Customer A but to Customer A's ultimate clients as well, further expanding collaboration opportunities with Customer A.

Even if alternative options emerge in the future, the switching costs associated with transitioning to a new domestic supplier would remain high for Customer A. Should other domestic suppliers became capable of providing similar solutions in the coming years, Customer A would still need to invest significant time, resources, and effort into developing compatibility with the new offerings. This process would require extensive re-engineering, re-testing, and potential disruptions to the existing supply chain.

- ***Diversifying Customer Base:*** We have been actively diversifying our customer base to mitigate risks associated with customer concentration. Leveraging our technological capabilities and industry experience, we have secured new partnerships with other companies in the intelligent interface industries, which we believe will contribute to our future growth and reduce our reliance on Customer A over time. For instance, revenue generated from sales of resolutions to Customer G, a well-known distributor who directly procured solutions from us and sold to another leading intelligent interface maker, amounted to RMB24.6 million and RMB107.3 million in 2023 and 2024 respectively.

  We are also diversifying smart device solution portfolio addressing needs of customers who are seasoned in industries different from that of Customer A. For instance, we have become a key supply chain partner for Customer H, a globally leading multinational conglomerate specialized in consumer electronics and processing hardware, listed on the Korean Exchange. Revenue generated from sales of solutions to Customer H amounted to RMB24.5 million and RMB30.7 million in 2023 and 2024, respectively.

  To diversify beyond smart device solutions, we have proactively expanded our offerings of embodied intelligence solutions, serving customers in automotive, robotics and industrial scenarios. In the automotive industry, we have introduced RISC-V powered smart cockpit solution which provides high performance display, stable and reliable communication, optimized touch interaction. In the industrial scenario, we have launched RISC-V powered intelligent computing system solutions capable of, among others, surface defect detection and industrial safety monitoring. We have already established partnerships in these industries, which is expected to bring sustainable revenue stream.

  Going forward, we expect percentage revenue contributions from other key customers to increase. As a result of this diversification, our percentage revenue contribution from Customer A is expected to decrease.

Our Directors are confident that our business model remains sustainable and that our long-term cooperation with Customer A will continue to drive our growth while we expand our customer base and product offerings in the global market.

OUR SUPPLIERS

Collaborations with Manufacturers

We have established a robust and strategic collaboration network with leading manufacturers to support our processing hardware manufacturing needs. During the Track Record Period, we partnered with seven, seven and seven manufacturers across domestic and international markets in 2022, 2023 and 2024, respectively, ensuring flexibility, scalability, and innovation. These manufacturers form the core of our manufacturing network, providing reliable and strategically aligned manufacturing capabilities to support our growth.

The following sets forth the salient terms of our arrangements with key manufacturers:

- ***Order and Manufacturing****:* We should make formal purchase order detailing the amount and specifications of products. Manufacturers shall review and respond to the purchase order promptly and failure to reply would constitute acceptance of the purchase order.

- ***Delivery and Acceptance****:* Unless otherwise specified, manufacturers are entitled to package the products based on their specifications. Delivery and acceptance criteria shall be specified in the purchase order. Generally, failure to raise objects during the specified acceptance period, typically ranging from 30 to 60 days, would constitute acceptance.

- ***Payment****:* We shall promptly make payments in accordance to the payment conditions set forth in the purchase order and the contracts.

- ***Intellectual Property****:* We are entitled for all intellectual property rights of our solutions and maintain the ownership and intellectual property rights of the design plans and related materials that we provide.

Collaborations with Packaging, Testing and Assembly Service Providers

In the packaging, testing, and assembly segment, we primarily rely on domestic service providers, forming a well-structured and strategic collaboration network tailored to our diverse product needs. We evaluate the potential service providers in terms of, among other aspects, qualifications, technical skills, product quality, workplace safety and delivery commitments. Once they become our qualified suppliers, we continue to evaluate their performance periodically. We require our service providers to comply with our internal policies and closely monitor their performance. In the event of any failure by service providers to meet our internal policies, we may cease to work with them or claim damages. We apply testing to ensure that the sourced products meet our product specifications, quality standards and customers' expectations. We have generally maintained long-term relationships with our service providers, and all of our service providers are Independent Third Parties.

The following sets forth the salient terms of our arrangements with packaging, testing, and assembly service providers:

- ***Purchase Order and Delivery Schedule:*** We may, at our discretion, place purchase order for packaging, testing and assembly services detailing the service specifications as well as the delivery schedules. The service provider, after accepting the purchase order, shall strictly comply with terms of the purchase order.

- ***Package and Delivery:*** The underlying products should be packed in packing suitable for its nature and the transportation, climate and storage condition at service provider's costs. The service provider shall comply with delivery details in the purchase order.

- ***Payment:*** We should promptly make payments after receiving qualified invoice issued by the service providers according to payment terms specified in the purchase order.

- ***Quality Assurance:*** Products are accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, the service providers are responsible for replacement.

- ***Termination:*** We have the right to terminate the agreement if the service providers fail to remedy a breach of contract following our written notice.

Top Five Suppliers

Our suppliers mainly include manufacturers and assembly and testing service providers. In 2022, 2023 and 2024, the aggregate purchase amounts from our five largest suppliers were RMB1,101.4 million, RMB955.2 million and RMB943.8 million, representing 47.2%, 44.5% and 44.5% of our total purchase amount, respectively. The purchase amounts from our largest supplier in the same years were RMB359.6 million, RMB266.4 million and RMB291.4 million, representing 15.4%, 12.4% and 13.7% of our total purchase amount, respectively, in 2022, 2023 and 2024.

The following tables set forth details of our five largest suppliers in each year during the Track Record Period:

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	%
For the year ended December 31, 2022							
1 . . .	Supplier A[1]	Processing hardware	A technology company focusing on new materials, headquartered in Taiwan, who supplies but does not manufacture processing hardware to us	Six years	60 days; bank transfer	359.6	15.4
2 . . .	Supplier B	Assembly and testing services and materials	An A-Share listed assembly and testing service provider headquartered in Anhui	Five years	45 days; bank transfer	227.3	9.7
3 . . .	Supplier C	Processing hardware	A household appliances and electronic components and equipment provider, headquartered in Seoul, who supplies but does not manufacture processing hardware to us	Six years	90 days; bank transfer	208.5	8.9
4 . . .	Supplier D	Processing hardware	An A-Share listed developer of raw materials and components used in processing hardware headquartered in Anhui	Six years	30 days; bank transfer	183.2	7.8
5 . . .	Supplier E	Processing hardware	A manufacturer of processing hardware components as well as provider of assembly and testing services headquartered in Taiwan, listed on the Taiwan Stock Exchange and the New York Stock Exchange	Six years	100% prepayment; bank transfer	122.8	5.3

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	*%*
For the year ended December 31, 2023							
1 . . .	Supplier A[(1)]	Processing hardware	A technology company focusing on new materials, headquartered in Taiwan, who supplies but does not manufacture processing hardware to us	Six years	60 days; bank transfer	266.4	12.4
2 . . .	Supplier C	Processing hardware	A household appliances and electronic components and equipment provider, headquartered in Seoul, who supplies but does not manufacture processing hardware to us	Six years	90 days; bank transfer	238.3	11.1
3 . . .	Supplier B	Assembly and testing services and materials	An A-Share listed assembly and testing service provider headquartered in Anhui	Five years	60 days; bank transfer	193.5	9.0
4 . . .	Supplier F	Processing hardware	A manufacturer of raw materials and components used in processing hardware headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange	Four years	30% prepayment; bank transfer	129.8	6.0
5 . . .	Supplier G	Processing hardware	A seller of electronic components and telecom equipment, headquartered in Daejeon, listed on the Korea Stock Exchange, who supplies but does not manufacture processing hardware to us	Six years	90 days; bank transfer	127.3	5.9

Rank	Suppliers	Type of Products/Services Provided	Background	Approximate Years of Business Relationship	Credit Terms	Purchase Amount	% of Our Total Purchase
						(RMB in millions)	*%*
For the year ended December 31, 2024							
1 . . .	Supplier B	Assembly and testing services and materials	An A-Share listed assembly and testing service provider headquartered in Anhui	Five years	60 days; bank transfer	291.4	13.7
2 . . .	Supplier A[(1)]	Processing hardware	A technology company focusing on new materials, headquartered in Taiwan, who supplies but does not manufacture processing hardware to us	Six years	90 days; bank transfer	209.3	9.9
3 . . .	Supplier D	Processing hardware	An A-Share listed developer of raw materials and components used in processing hardware headquartered in Anhui	Six years	30 days; bank transfer	178.0	8.4
4 . . .	Supplier C	Processing hardware	A household appliances and electronic components and equipment provider, headquartered in Seoul, who supplies but does not manufacture processing hardware to us	Six years	90 days; bank transfer	136.7	6.4
5 . . .	Supplier F	Processing hardware	A manufacturer of raw materials and components used in processing hardware headquartered in Shanghai, listed on the Shanghai Stock Exchange and the Stock Exchange	Four years	30% prepayment; bank transfer	128.4	6.1

Note:

(1) Supplier A and Customer B refer to the same entity. Our business relationship with it as our supplier started in 2019. For details, see "— Overlapping of Customers and Suppliers".

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. A subsidiary of ESWIN Group indirectly owns less than 1% of one of our five largest suppliers during the Track Record Period by holding 0.5149% of the interest of and serving as the general partner of a fund, whose remaining 99.4851% is held and controlled by an Independent Third Party. Such fund holds the largest shareholder as to 99.9994% who is interested in one of our five largest suppliers as to 33.4%, with the remaining 0.0006% held by the aforementioned subsidiary of ESWIN Group. Save as aforementioned, to the best of our knowledge, as of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Supply Chain and Inventory Management

We believe that we have effectively managed our supply chain during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not encounter any material supply chain issues.

We have adopted a rigorous supplier selection process that involves supplier qualification review, material validation, quality system audit, and risk assessment. We directly procure supplies from suppliers. This direct procurement approach involves establishing direct commercial agreements with suppliers, ensuring streamlined collaboration and operational efficiency. We rely on market feedback and forecasted orders to plan in advance for procurements of key raw materials and submit purchase requests accordingly.

Before initiating any procurement, we implement a rigorous supplier qualification and management process to ensure suppliers meet our strategic and operational requirements. The process begins with evaluating potential suppliers for inclusion in our qualified supplier list. Suppliers are assessed based on their alignment with our product development goals, procurement strategies, and market standards. This involves detailed research, reviews, and final approvals to determine eligibility. Once a supplier is approved, the relationship is formalized through the signing of procurement and quality agreements.

The internal procurement workflow begins with the issuance of a procurement request based on specific needs. After the request is approved, the procurement team generates a purchase order, which is then shared with the supplier. Subsequently, both parties collaborate based on the agreed commercial terms, covering, among others, product specifications and pricings, requirements for packaging and product quality, delivery and payment terms, agreement on product inspection and warranty, term for contract termination, confidentiality and dispute resolution. This end-to-end process ensures a seamless, transparent, and efficient procurement workflow, enabling us to maintain strong supplier relationships while meeting our operational objectives.

We are actively pursuing the following supply chain and inventory management strategies:

- ***Long-term Agreements and Bulk Purchasing****:* We typically enter into strategic cooperation agreements lasting about three years to ensure relatively stable resources from our suppliers. In certain circumstances such as the risk of industrial supply shortage, we also enter into long-term agreements with suppliers to lock in prices and supply quantities and reduce costs through bulk purchasing.

- ***Supply Chain Diversification****:* We actively seek to expand supplier channels to reduce reliance on a single supplier and enhance the stability of the supply chain. We ensure that there is at least one ancillary supplier available for each of our main procurement needs. Furthermore, we are promoting substitutions from various jurisdictions for raw materials and other materials to mitigate potential geopolitical restrictions.

- ***Inventory Management Optimization****:* We combine routine stock checking to continuously monitor our stock and inventory levels. We utilize advanced inventory management systems in our inventory management and track the status of materials and work-in-progress in our manufacturers and partners, ensuring that stock remains within a reasonable range and avoiding overstocking or shortages.

- ***Market Forecasting and Flexible Adjustments****:* We regularly adjust procurement plans based on market forecasts to ensure timely responses to demand fluctuations. Our agreements with suppliers generally provide for adjustments every one or two years to flexibly accommodate market changes.

We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid overreliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge of our Directors, four of our five largest customers in each year during the Track Record Period were also our suppliers, and one of our five largest suppliers in each year during the Track Record Period was also our customers. The following table sets forth the overlapping major customers and suppliers during the Track Record Period.

Customer/Supplier	Year	Revenue	Purchase Amount	Reasons For Overlapping
		(RMB in million)	*(RMB in million)*	
Customer A	2022	1,577.9	3.1	For details about our sales to and relationship with Customer A, see "— Our Customers — Our Relationship With Customer A." We procured verification and property management services for our offices and business operations from Customer A.
	2023	1,437.9	26.2	
	2024	1,555.2	25.3	
Customer B/ Supplier A	2022	75.7	359.6	We sold our solutions to Customer B/Supplier A to leverage its established distribution network and reduce our customer acquisition costs. We purchased high-quality processing hardware and components from Customer B/Supplier A to elevate the performance and capabilities of our solutions.
	2023	72.7	266.4	
	2024	23.4	209.3	
Customer C	2022	46.7	55.5	We sold our solutions to Customer C in 2022 in connection with our temporary arrangement regarding acquisition of part of Customer C's business. We procured processing hardware and IP modules from Customer C.
	2023	–	55.4	
	2024	–	31.3	

Customer/Supplier	Year	Revenue	Purchase Amount	Reasons For Overlapping
		(RMB in million)	*(RMB in million)*	
Customer E	2022	30.0	–	We licensed IP modules and provided customization services to Customer E on their end products. We purchased some IP modules from Customer E to enhance our research and development capabilities.
	2023	–	20.0	
	2024	5.4	–	

Negotiations of the terms of our sales to and purchases from overlapping customers and suppliers were conducted on a transaction-by-transaction basis using independent business teams. We entered into different agreements in sales to and purchases from overlapping customers and suppliers on an arm's-length basis in the ordinary course of business. Our sales to and purchases from overlapping customers and suppliers are priced consistently with those to our other customers. During the Track Record Period, we maintained a stable and mutual beneficial relationship with overlapping customers and suppliers.

Except for Customer A, Customer B/Supplier A, Customer C and Customer E, to the best knowledge of our Directors, none of our five largest customers was also our suppliers, and none of our five largest suppliers was also our customers. Our Directors have confirmed that none of our sales to and purchases from our overlapping customer and supplier during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction.

QUALITY CONTROL

We have established a comprehensive quality management system, which integrates development process, supply chain management process, and certification authority, realizing an end-to-end quality management process. Within this system, we follow thorough quality assurance procedures to monitor the quality and conformity of our solutions during the entire development, manufacturing, delivery and services processes. We have implemented rigorous quality control measures and established a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns.

During the R&D phase, quality control is meticulously implemented at every step to ensure the product is designed and developed to meet stringent requirements. The process begins with a clear definition of goals and parameters, established by the sales and marketing team in collaboration with the R&D team. This alignment ensures that quality considerations are built into the product from the outset. We also work closely with our manufacturers during the design phase to validate product performance and specifications, ensuring compatibility with manufacturing capabilities while upholding strict quality requirements. At every stage of R&D, rigorous quality reviews are conducted to identify and address potential issues early, ensuring the product meets internal and external standards. After pilot development, the product undergoes comprehensive testing, including process validation, test program development, reliability testing, and functionality verification to ensure the underlying product operates as intended. Finally, the product is sent to customers for validation. Throughout this phase, our engineering, testing, and quality teams remain fully engaged to address any issues and guarantee the product meets customer expectations.

In the mass production phase, the focus of quality control shifts to maintaining consistency, optimizing processes, and ensuring that every product meets or exceeds defined standards. Additionally, the testing team conducts thorough inspections for each production batch, analyzing data to ensure all products meet specifications. This data-driven approach allows the team to identify trends and optimize testing procedures for greater efficiency and precision. Meanwhile, our supply chain and quality management teams oversee supplier performance, ensuring that manufacturing partners adhere to our quality standards. Regular inspections and final reviews of outgoing products further reinforce quality throughout the supply chain. We conclude clear quality control agreements with our manufacturers, partners and customers with concrete allocation of responsibility and liability, as well as the compensation or indemnification mechanism in case quality issue arises, which is in line with industry practice.

Quality control doesn't end with production. We continue to prioritize quality and customer satisfaction by maintaining close communication with customers after product delivery. This enables us to address any issues promptly and incorporate customer feedback into future improvements. Post-production data and insights from customer feedback are analyzed to refine processes and enhance product performance. This commitment to continuous improvement ensures that we remain responsive to market demands and maintains our reputation for delivering high-quality solutions.

Products may be returned or replaced if they are defective, damaged, or do not meet the agreed specifications. Upon verification from both sides, we will either replace the product or issue a refund as per the customer's preference. If the issue is due to reasons beyond our responsibility, such as customer misuse, returns or replacements may not be accepted. We reserve the right to inspect and approve all claims before processing.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to any product safety issues, including accidents, injuries and fatalities involving end users, false advertising incidents or any material defects or malfunctioning of our smart device solutions and embodied intelligence solutions, and we had been in compliance with the relevant laws and regulations in China in all material aspects.

DATA PRIVACY AND INFORMATION TECHNOLOGY SYSTEMS

Data privacy and cybersecurity has been one of critical governance priorities for companies worldwide during recent years. This is particularly pertinent in China as the legislature and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may come under increased administrative scrutiny.

We do not collect personal information from our customers or other third parties. In the course of our research and development, we process data in compliance with the applicable legal requirements, desensitize data and anonymize personal information to ensure the data security. See "Risk Factors — Risks Related to Our Business and Industry — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer" for further detail describing the data privacy risks associated with our operations.

We have a comprehensive regulation system in place to enforce IT and data securities compliance measures in line with industry best practices and we intend to continuously invest heavily in data security and privacy protection. For technical information, we ensure data security and business continuity by adopting practices such as regular audits, transmission limit, development of data backup and recovery plans, while regularly identifying and addressing potential risks. We provide data security training to our employees and require them to report any information security breach. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

IT is fundamental to our competitive edge and operational efficiency. We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See "Risk Factors — Risks Related to Our Business and Industry — Disruptions and unauthorized access such as cyberattacks on our IT systems or those of third-party service providers could have a material adverse effect on our business operations, results of operations, reputation and financial condition."

COMPETITION

The smart device and embodied intelligence solution industries in which we operate are highly competitive and rapidly evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. We compete with other players in the industry whose businesses also include the design and development of software and hardware related to smart device solutions and embodied intelligence solutions. Our RISC-V architecture also faces challenges from traditional ARM and x86 structures. We face increasingly intense competition with other leading players in various aspects of our business, including solution coverage, product design, processing capabilities as well as consumer experience. See "Risk Factors — Risks Related to Our Business and Industry — We face challenges from existing technologies in the industry, such as x86 and ARM architectures, which might be more mature than our RISC-V architecture. We cannot ensure that there will be sufficient future market adoption of our smart solutions to drive our growth, especially our RISC-V architecture, nor can we ensure that industry developments as well as market acceptance of our RISC-V architecture will develop in our favor. If the market trends toward RISC-V architecture falter, or if these trends do not grow as rapidly or as positively as expected, our business, results of operations and financial condition may be adversely affected."

We believe that there are high barriers for our competitors to enter into the smart device and embodied intelligence solutions market as well as the RISC-V powered solution market, which include, among other things, technology, capital, customer, talent and ecosystem. For more information on the competitive landscape of our industry, see "Industry Overview."

EMPLOYEES

As of December 31, 2022, 2023 and 2024, we employed an aggregate of 2,322, 1,939, and 1,776 full-time employees, respectively. The following table sets forth a breakdown of the number of our employees as of December 31, 2024 by work function.

Function	As of December 31, 2024
Research and Development	1,262
Sales and Marketing	245
Professional Support	269
Total	**1,776**

A majority of our employees are based in the PRC. Our success depends on our ability to attract, retain and motivate qualified personnel, and we have adopted high standards and strict procedures in our recruitment, including campus recruitment, online recruitment and internal referral to satisfy our demands for different types of talents. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. We offer competitive compensation for our employees. In addition, we regularly reward employees who contribute to technological innovation with higher compensation or promotion. We also enhance the development of corporate culture and employee engagement by organizing various activities and trainings to enrich employee's professional skills, boost morale, and improve the work environment.

We enter into confidentiality and intellectual property ownership agreements with all employees under our labor contracts, either as standalone contracts or as clauses contained in the labor contracts. These agreements stipulate that employees are subject to lifelong confidentiality obligation in respect of our trade secrets, and that intellectual property created by employees during their tenure belongs to us. We also enforce non-compete clause with employees with access to our core technologies and trade secrets according to our business need. Under this clause, employees are prohibited from joining competing companies operating in the industry for a period of two years. During this non-compete period, we provide monthly compensation.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain key man life insurance, insurance policies covering damages to our network or information technology systems or any insurance policies for our properties. See the section headed "Risk Factors — Risks Related to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise" in this Document. During the Track Record Period, we did not make any material insurance claim in relation to our business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("ESG") principles. Following industry best practices and based on our own business pattern, we have developed a comprehensive system of policies and procedures covering aspects including environmental protection, production safety, employee welfare, and anti-corruption efforts.

Although our business operations do not involve energy-intensive manufacturing processes, we have consistently followed the principle of sustainable development. Our operations and facilities comply with extensive environmental, health, and safety laws and regulations. These include the management of hazardous materials, and the disposal of hazardous and harmful waste produced by our facilities.

We are committed to creating a positive work environment for all employees. We place significant emphasis on employee safety and provide employees with relevant skills training.

We have established anti-corruption policies and procedures, including anonymous reporting channels. We have introduced independent directors into our board to oversee the effective implementation of our corporate governance initiatives.

ESG Governance

We attach great importance to ESG governance in our operations. Our [Board] takes the responsibility for approving and supervising the implementation of our ESG vision, objectives, strategies and management guidelines to ensure our operations are in compliance with ESG-related regulations. Our [Board] also reviews our annual reports on corporate and ESG governance and reviews the continuous professional development on ESG-related matters of our Directors and senior management. We are dedicated to promoting and enhancing the ESG awareness among all employees, including Directors and senior management. We provided sufficient guidance on ESG-related knowledge to our employees through regular training and corporate events. Meanwhile, our Directors and senior management have participated in the training on the rules and responsibilities of listed companies in Hong Kong. They are well-informed about the Stock Exchange's expectations for directors and senior management to possess the necessary skills and abilities to understand the impact of ESG risks and opportunities and to examine and supervise strategies formulated to address them. To ensure compliance with the ESG requirements of the Stock Exchange, our [Board] supervises the preparation of our ESG reports and conduct a thorough review of these reports.

In addition, we will establish a systematic mechanism for assessing important ESG issues, focusing on key ESG factors in product development and supply chain management. The assessment is led by our cross-department ESG Working Group, which identifies priority issues based on three dimensions, including strategic relevance, stakeholder concerns and social and environmental impact. We incorporate relevant key issues into our strategy and risk management system and continue to optimize the effectiveness of our ESG management. Our ESG Working Group is also tasked with the execution of our ESG-related vision, strategies and guideline by establishing and reviewing detailed rules and procedures, evaluating our ESG-related risks and internal control system, and coordinating with external ESG counsel on our ESG report to ensure accurate and timely disclosure. Our ESG Working Group is responsible for and reports to our Board regarding ESG matters on a timely basis.

Environment

Given the nature of our business, we do not generate any material emissions and wastes and cause severe pollution. Nonetheless, we monitor environmental and climate-related risks that may arise in or impact on our business, strategy and financial performance as part of our key agenda. Supervised by our Board, we actively identify and monitor the climate-related risks and opportunities over the short, medium and long term, and we seek to incorporate such climate-related issues into our businesses, strategy and financial planning.

We recognise the profound impact of climate change on global ecosystems and business operations and regard climate-related issues as an integral part of our corporate strategy. Internally, we promote low-carbon practices by fostering a green office culture and enhancing energy efficiency across our operations. In alignment with the "dual carbon" goals, we actively advance the green transformation of our business structure. By implementing our robust environmental management system, refining carbon emissions management, and strengthening resource recycling, we continue to enhance our climate resilience. Going forward, we remain committed to further improving our climate governance measures and drive green transformation through innovation, turning the challenges of climate change into new opportunities for growth, and advancing sustainable and high-quality development of our business.

Strategies for Addressing ESG-related Risks

We are committed to continuously enhancing our ESG management framework and integrating ESG concepts into our overall development strategy, thereby fostering the synergistic growth of technological innovation and social contribution. Set forth below is a summary of the climate-related risks that we have identified.

Risk Type	Climate-related Risk	Potential Impact
Physical Risk . .	Extreme weather conditions such as rainstorms, typhoons, high temperature or other long-term shifts in climate patterns.	Operation disruption, service outage and data loss, and the resulting financial liabilities and reputational damage
Transition Risk .	The development of environmental protection policies and heightened environmental regulatory oversight	Increased operating and compliance costs High operating costs and/or tax burdens due to stringent environmental regulations

We adopt various strategies and policies to identify, assess, manage and mitigate ESG and climate-related risks, including but not limited to:

- [referring to and evaluating ESG reports of comparable companies in the industry so as to ensure timely identification of general ESG-related risks;
- discussing with responsible departments from time to time and holding regular meetings so as to ensure that all material ESG areas are identified and reported;
- discussing key ESG principles and strategies with key stakeholders to ensure that they understand and cooperate with our commitment to ESG-related matters;
- implementing a systematic ESG materiality assessment framework, focusing on key factors in product development and supply chain management;
- prioritizing ESG issues identified based on strategic relevance, stakeholder concerns, and social and environmental impact, and addressing such issues into our strategic planning and risk management systems to continually enhance ESG management effectiveness;

- formulating specific ESG risk alerting system and management approaches, which quantify the performance indicators so as to identify and consider ESG risks and opportunities and separate ESG risks and opportunities from other business risks and opportunities; and

- setting short-term and long-term targets for environmental key performance indicators so as to reduce emissions and consumption of natural resources.]

Metrics and Targets

Under the supervision of our Board, our ESG Working Group will set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon [**REDACTED**]. The relevant targets on material KPIs will be reviewed and evaluated by our Board on an annual basis to ensure that they are appropriate to our needs and conditions. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion plan thoroughly and prudently with a view of balancing business growth and environmental protection to achieve long-term and sustainable development.

[Our Board has overall responsibility for the supervision and determination of our environmental, social, and climate-related risks and opportunities impacting us, establishing and adopting the ESG policies and targets of us, and reviewing our performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified.] Leveraging our comprehensive internal control system, we plan to carry out a corporate risk assessment at least once a year which covers current and potential risks that we face, including but not limited to ESG risks and strategic risks from disruptive forces (such as climate change). We will further incorporate ESG-related issues, including the analysis on physical and transition risks, into our overall risk assessment process. We will also consider the risks and opportunities in strategic and financial planning process if such risks and opportunities are deemed to be material. After reviewing the environmental, social and climate-related risks and our performance in response to such risks identified each year, we may revise and alter our ESG strategies and corporate governance policies accordingly and as appropriate.

Recognizing the profound impact of environmental and climate change on global ecosystems and business operations, we have always placed environmental and climate governance as a core component in our corporate strategy. Through a systematic framework of environmental and climate-related risk management, we have deeply integrated environmental protection concepts into our operations across the entire value chain. We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business operations.

Indicators		For the Year Ended December 31, 2022	2023	2024
Power consumption	Total electricity consumption (MWh)	5,055.8	7,917.6	8,309.2
	Total electricity consumption per unit of revenue (MWh/RMB in million)	2.5	4.5	4.1
	Year-over-year change of total electricity consumption per unit of revenue	N/A	80.0%	(8.9%)
Water consumption	Total water consumption (tons)	20,972.0	26,144.4	25,959.7
	Total water consumption per unit of revenue (tons/RMB in million)	10.5	14.9	12.8
	Year-over-year change of total water consumption per unit of revenue	N/A	41.9%	(14.1%)
Waste paper	Amount of waste paper (tons)	2.3	2.4	2.4

Energy Management

We have always regarded the enhancement of energy efficiency as an important part of sustainable development and fully implemented the concept of green and efficient operation. In terms of office operations, we effectively reduce daily energy consumption by using energy-saving LED lamps and lanterns, optimizing air-conditioning temperature settings, and strengthening equipment standby management. At the same time, we have established our energy monitoring system to regularly analyze energy consumption data and continuously optimize our energy management strategies. In 2024, we have reduced our electricity consumption per unit of revenue (MWh/RMB in million) by 8.9%. Going forward, we will introduce more advanced energy-saving technologies and intelligent control equipment to achieve a continuous improvement in energy use efficiency. Based on the power consumption data in 2024, we plan to reduce power density of 4.1 MWh per million revenue by approximately 5% by 2028.

Water Resource Management

We attach great importance to the efficiency of water usage and integrate the concept of water conservation into our daily operations. In terms of facilities, we fully install water-saving faucets, toilets and other appliances in our offices, and regularly check pipes and fixtures for leaks, repairing them in a timely manner to reduce water consumption at source. In terms of employee education and guidance, we cultivate good water conservation habits and environmental awareness among our employees through continuous water conservation publicity and campaigns. In 2024, we have reduced our water consumption per unit of revenue (tons/RMB in million) by 14.1%. Based on the water consumption data in 2024, we plan to reduce water density of 12.8 tons per million revenue by approximately 5% by 2028.

Waste management

We uphold the concept of environmental protection and have formulated a strict waste management policy, taking into account our business characteristics and industry standards. We strictly abide by the applicable environmental protection laws and regulations, keep records of solid waste management, and ensure that all of the hazardous waste is properly disposed of by third parties with appropriate qualifications to ensure environmental safety. We have taken a series of measures to reduce the generation of waste prioritizing the procurement of environmentally friendly office supplies and choosing reusable products with simple packaging. Meanwhile, we regularly organize our employees to study relevant laws and regulations, and enhance the awareness of environmental protection through training. Going forward, we will continue to optimize our waste management processes, further reduce our environmental footprint through technological innovation and management enhancement, fulfill our corporate environmental responsibility, and contribute to sustainable development.

RISC-V and ESG

Focusing on smart device and embodied intelligence as our two core application scenarios, we are adopting next-generation RISC-V computing architecture, innovating domain-specific algorithms and IP modules, and constructing efficient and open software-hardware platforms, delivering highly competitive system-level solutions for customers worldwide. Our next-generation RISC-V cores, excel in openness, efficiency, flexibility and low power consumption. This significantly improves the energy efficiency of our RISC-V powered solutions and reduces energy consumption, thereby supporting the broader agenda of green and sustainable development. As the RISC-V ecosystem grows, its role in promoting green and sustainable industries continues to expand.

Corporate Social Responsibility and Governance

Employment and Welfare

We have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations, and formulated other internal policies regarding recruitment.

We have established a systematic hiring mechanism and hire employees based on their merits, following the principles of lawfulness, fairness, equality, voluntariness, consensus, honesty and credibility. We will also focus on embracing diversity within our organization through diversified hiring channels and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will continue to promote work-life balance and create a pleasant workplace for all of our employees.

We strive to offer competitive salaries to attract and retain our talented employees, and we provide attractive benefits and care to employees, including bonus and share incentive, festival care and community activities, as well as pleasant working conditions and equipment. We believe that a balanced lifestyle is crucial to achieving a positive and active mindset at work. Therefore, we encourage employees to maintain good mental and physical health by participating in sports and recreational activities.

We nurture a friendly and inspirational corporate culture that we believe is attractive to the talented staff who are critical to our success, and we invest heavily in training and retaining them. We provide adequate resources to help them succeed, including various training and our invaluable industry-related insights and opportunities. In addition, we have established a systematic employee training system to support the career development of employees and the realization of corporate strategic goals. Based on annual business needs, we formulate a comprehensive training plan, including induction training for new recruits, "Grow365 Growth Plan" for fresh graduates, supervisor leadership enhancement program and other special training programs. We also regularly organize professional activities such as technical salons and intellectual property knowledge training, and continuously update our online learning resource library to provide employees with diversified learning paths. Through our comprehensive training resource matrix, we ensure that our employees can continuously improve their professional skills and management capabilities, and realize the mutual growth of individuals and the Company.

Workplace Safety

As we do not operate any production bases, we are not subject to significant health, work safety, social or environmental risks. Nonetheless, we adopt and maintain a series of rules, operating standards and other supporting measures to maintain a healthy and safe environment for our employees to ensure our operations comply with applicable workplace safety regulations. We regularly monitor the health status of employees through our annual physical examination system, combined with special training on laboratory safety to comprehensively protect the health and safety of employees. We have established intelligent office security system through monitoring equipment in the office area and set up an access control system to protect the personal and property safety of employees. We ensure emergency medical responses are in place by equipping first aid kits and basic medical care to deal with sudden illnesses and accidental injuries. To ensure compliance with applicable laws and regulations, our human resources department would adjust our policies to accommodate any material changes to relevant labor and safety laws and regulations if necessary and after consultation with our legal advisers.

Anti-corruption and Anti-bribery

We have implemented a set of policies to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate. With "integrity, standardization, transparency and accountability" as our basic operation and management principle, we have made professional ethics and anti-corruption an important cornerstone of corporate governance. We have established a comprehensive anti-corruption compliance framework with our staff manuals and employment contracts. Our policies provide detailed explanations of potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments or other conduct prohibited by these policies include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage.

To ensure effective implementation, we have constructed a multi-dimensional anti-corruption enforcement system. We have set up dedicated reporting mailboxes and hotlines, publicized reporting channels through multiple platforms including our official website, internal electronic office system and publicity boards, and also established a protection mechanism to protect whistleblower from being subjected to retaliation. Our audit team is responsible for investigating the reported incidents and taking appropriate measures as necessary. We also provide trainings for employees regarding anti-bribery and anti-corruption policies to facilitate better implementation. From 2022 to 2024, we conducted annual integrity training covering about 300 employees and also conducted special compliance training for senior management. We continue to strengthen the awareness of integrity by operating online bulletin boards, regularly sharing compliance cases, and incorporating integrity into performance review. In addition, we have anti-bribery and anti-corruption commitment agreements with our partners and also communicate our policies and stance through declarations and other formal means.

Supply Chain Management

Our suppliers mainly include manufacturers and assembly and testing service providers and are committed to maintaining long-term and stable strategic cooperation with our core suppliers. We utilize a supply chain management framework to manage our overall procurement and production processes. Under the guidance of sustainable and responsible development, we implement our stringent supplier management policy and rigorous supplier selection and reviewing process, based on which we evaluate our suppliers carefully according to technology performance, qualification review, responsiveness, delivery efficiency and costs, which directly impacts the qualification of supplier candidates.

In addition, we encourage our suppliers to comply with relevant environmental and social regulations. Since we are generally not engaged in the manufacture and delivery of final products, our purchase of cartons or other packaging materials for final products are limited. As we are committed to reducing our carbon footprint, we adhere to the principles of simplicity, high efficiency and convenient use for customers, and encourage our suppliers to package the products in a more environment friendly manner. We also require our suppliers to provide certificates regarding hazardous substance management, including RoHS and REACH, to ensure environmental compliance and safety. We have also included anti-corruption clauses in our agreements with our suppliers to prevent collusion and corruption and review and update our agreements on a rolling basis to continually ascertain the assignment of obligations. We will continue to optimize supply chain management and build a more resilient and sustainable supply chain ecosystem.

PROPERTIES

As of the Latest Practicable Date, we do not own any properties. As of the Latest Practicable Date, we primarily leased 21 properties for our business operations, which are mainly used as our headquarters and office space, and five properties as our dormitories in China with an aggregate gross floor area of 102,998.75 sq.m. We believe that there is sufficient supply of properties in mainland China and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

We have taken proactive steps to register these lease agreements. As of the Latest Practicable Date, we completed the registration of 15 lease agreements for the above leased properties. As the registration of a lease agreement requires the cooperation between the lessor and lessee, and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of the remaining lease agreements. As of the Latest Practicable Date, we had not registered the lease agreements for nine of our leased properties for business operations and two of our leased dormitories with the relevant competent authorities in accordance with applicable PRC regulations. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Adviser, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities.

As of the Latest Practicable Date, the actual land use of one of our leased properties for business operations was office, which is inconsistent with its approved land use as specified in its land use right certificate. If the owner of this property is required by government authorities to rectify such land use, we may have to relocate and bear relocation costs and other additional expenses. We would not be subject to any penalty therefrom, but we may not be able to continue leasing such property. As of the Latest Practicable Date, we were not aware of any such rectification request by government authorities. As advised by our PRC Legal Adviser, under relevant PRC laws and regulations, it is the lessor (not the tenants) that will be subject to administrative punishment or penalties due to the lessors' failure to fulfill the responsibility to ensure that the actual use is consistent with the approved use. Furthermore, if we are unable to continue using such leased properties, the potential relocation will not lead to business disruption or undue burdensome, since we believe we are able to seek alternative leased properties in other areas (if necessary) without material adverse effects on the business operations and the relocation costs are not expected to be significant.

We believe that there is sufficient supply of properties in mainland China and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

LICENSES, APPROVALS AND PERMITS

The following table sets forth the details of the material licenses and permits necessary for the business operations in which we engaged in China.

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
High and New Technology Enterprises Certificate	Beijing ESWIN Computing Technology Co., Ltd.	2024.12.19	2027.12.18
High and New Technology Enterprises Certificate	Hefei ESWIN Computing Technology Co., Ltd.	2024.11.28	2027.11.27
Beijing Enterprise Technology Center	Beijing ESWIN Computing Technology Co., Ltd.	2022.4.19	2027.11.01
National IP Advantage Enterprise	Beijing ESWIN Computing Technology Co., Ltd.	2023.12.01	2026.12.01
National Specialized, Sophisticated, Distinctive and Innovative Little Giant SME	Beijing ESWIN Computing Technology Co., Ltd.	2024.07.01	2027.06.30
Specialized, Sophisticated, Distinctive and Innovative SME	Beijing ESWIN Computing Technology Co., Ltd.	2022.10.01	2025.10.01
Specialized, Sophisticated, Distinctive and Innovative SME	Hefei ESWIN Computing Technology Co., Ltd.	2023.11.01	2026.11.01
Quality management system certification: ISO 9001:2015	Beijing ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Quality management system certification: ISO 9001:2015	Beijing ESWIN System Technology Co., Ltd.	2023.08.04	2026.08.24
Quality management system certification: ISO 9001:2015	Haining ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Quality management system certification: ISO 9001:2015	Hefei ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Beijing ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Beijing ESWIN System Technology Co., Ltd.	2023.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Haining ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Environmental management system certification: ISO 14001:2015	Hefei ESWIN Computing Technology Co., Ltd.	2020.08.25	2026.08.24
Occupational health and safety management system certification: ISO 45001:2018	Beijing ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03
Occupational health and safety management system certification: ISO 45001:2018	Beijing ESWIN System Technology Co., Ltd.	2023.08.04	2026.08.03

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Occupational health and safety management system certification: ISO 45001:2018	Haining ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03
Occupational health and safety management system certification: ISO 45001:2018	Hefei ESWIN Computing Technology Co., Ltd.	2022.11.14	2026.08.03
Functional Safety Standard for Modern Road Vehicles: ISO 26262:2017	Beijing ESWIN Computing Technology Co., Ltd.	2022.09.28	2025.09.28
Hazardous substance process management system certification: QC 080000:2017	Beijing ESWIN Computing Technology Co., Ltd.	2021.11.29	2027.11.28
Hazardous substance process management system certification: QC 080000:2017	Beijing ESWIN System Technology Co., Ltd.	2023.11.07	2027.11.28
Hazardous substance process management system certification: QC 080000:2017	Hefei ESWIN Computing Technology Co., Ltd.	2021.11.29	2027.11.28
CNAS	Beijing ESWIN Computing Technology Co., Ltd.	2023.08.03	2029.08.02
CMMI3	Beijing ESWIN System Technology Co., Ltd.	2023.09.22	2026.09.22

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our actual business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Our Directors are of the view, after consulting our PRC Legal Adviser, that the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to enhance our internal control effectiveness and manage such risk. Our audit team, led by our CEO, is responsible for implementing a series of detailed approaches and policies with regard to operational risk management. Our human resources, finance, operations and legal departments closely coordinate to form and are collectively responsible for a comprehensive risk management system. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal, economic and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations. Our legal department is responsible for evaluating the relevant regulations of each department, participating in the evaluation of major compliance events and review the qualifications of our business partners. In addition, our legal department also participates in the internal investigation reported by our business and operations department, gradually improving the overall compliance framework of our Group.

During our course of business, our legal department carefully reviews the contracts we enter into with our customers, suppliers and other third parties. Before entering into any contracts, or business arrangements, our legal department conducts the comprehensive internal contract review process to examine the legal, financial and business model terms, after which the contracts shall be submitted to different management levels on the materiality basis for approval. In addition, we continually monitor any changes in laws and regulations in relevant industries as well as the regulatory environment to ensure the compliance of our business operations. Material regulatory events are escalated to our senior management to communicate with relevant authorities to ensure the continuous compliance of our operations. We also have an internal audit department that receives internal reports and regularly evaluates and supervises our compliance efforts and reports to our senior management as necessary.

Intellectual Property Risk Management

As a technology intensive company, we may continue to be subject to the risk of intellectual property infringement by other parties or claims alleging such infringement by us or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. To ensure proper management of our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented various internal policies and established an internal intellectual property management system. Our intellectual property management department is responsible for the management of our patents, including our processing hardware layout design. Our legal department is also responsible for our trademark management and takes the lead in the management of technical secrets with the joint effort of each business department. We also engage external intellectual property consultants to assist with our application and maintenance of our intellectual properties.

Information Security and Data Privacy Risk Management

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data are avoided. We have implemented comprehensive internal policies on protecting data privacy and security and ensure that our operations are in compliance with requirements from relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we have not become aware of any material information leakage or loss of our data. Our IT systems had not experienced any material third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats during the Track Record Period and up to the Latest Practicable Date.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management to comprehensively cover the workflow and operations of our financial staff and ensure the compliance of our financial reporting, such as administrative expense management, fixed assets and intangible assets management, inventory management, invoice and taxation management, budget management and financial statements management. Our finance department participates in the daily performance of our contracts and other operations to ensure the implementation of such policies. We also enhance the compliance and professionalism of our financial and audit matters through annual audits and regular consulting as well as opinions from external accountants.

Human Resources Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential noncompliance with our code of conduct, work ethics, and violation of our internal policies or illegal acts at all levels of our Group.

Anti-corruption Risk Management

Anti-corruption risk involves the potential for unethical behavior, such as bribery, which could harm our interests. We have implemented thorough anti-corruption policies and a whistleblower mechanism for reporting misconduct anonymously. We have generally included our anti-corruption policies as well as detailed provisions and requirements in agreements with our suppliers and customers. We also provide a special section in our employee handbook to clearly stipulates our anti-corruption policies. Our internal audit team takes responsibility for any potential violations of these policies and requirements.

AWARDS AND RECOGNITIONS

Award/Recognition	Award Authority	Award Year
2025 China Unicorn Enterprises	Zhongguancun Unicorn Enterprise Development Alliance	2025.03
2024 Top 100 New Economy Unicorn Enterprises	DBC	2024.11
2024 Top 100 New Economy Unicorn Enterprises	iiMedia Research	2024.10
2024 Top 100 Unicorn Enterprises	CCID Consulting	2024.10
2023 Beijing Top 100 Private Technology Innovation Enterprises	Beijing Municipal Federation of Industry and Commerce	2024.09
2023 China Unicorn Enterprises	Great-wall Enterprise Institute	2024.06
2024 Beijing Unicorn Enterprises	Zhongguancun Unicorn Enterprise Development Alliance	2024.04
2024 Global Unicorn Enterprises	Hurun Institute	2024.04
2023 Outstanding Contribution Enterprises Service Industry of Haining	Haining Municipal Committee and People's Government	2024.02
2023 IP Pioneer	China RISC-V Alliance	2024.01
2023 Silicon 100	EE Times	2023.08

Award/Recognition	Award Authority	Award Year
2022 World Innovation Award	EqualOcean	2023.01
2022 Deloitte China High Tech High Growth Top 50	Deloitte	2023.01
National Model Base for Attracting Talents and Intelligence	Beijing Municipal Science & Technology Commission, Administrative Commission of Zhongguancun Science Park	2022.11
2021 Innovative Enterprises in Haining	Haining Municipal Committee and People's Government	2023.01

BOARD OF DIRECTORS

Our Board comprises 12 Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets out key information about our Directors.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Wang Dongsheng (王東升)	68	Executive Director and the chairman of the Strategy and Investment Committee	September 24, 2019	October 21, 2019	Corporate strategy and major personnel matters
Mr. Wang Bo (王波) . . .	63	Executive Director, vice chairman of the Board and vice chairman of the Strategy and Investment Committee	September 24, 2019	May 31, 2022	Securing major customers breakthroughs in overseas markets and assisting corporate strategy
Mr. Mi Peng (米鵬) . . .	44	Executive Director, chairman of the Board and chief executive officer	September 24, 2019	April 17, 2020	Responsible for the overall management of our Company
Mr. Hu Weihao (胡巍浩)	42	Executive Director, president and chief operating officer	September 24, 2019	April 24, 2025	Responsible for the overall operation of our Company and directly responsible for embodied intelligence business group
Non-executive Directors					
Mr. Li Jiaqing (李家慶) .	51	Non-executive Director	April 17, 2020	April 17, 2020	Participating in the formulation of our Company's corporate and business strategies
Dr. Yu Xinhua (俞信華)	50	Non-executive Director	October 21, 2019	October 21, 2019	Participating in the formulation of our Company's corporate and business strategies
Mr. Zhang Shuai (張帥)	39	Non-executive Director	July 31, 2023	July 31, 2023	Participating in the formulation of our Company's corporate and business strategies

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Mr. Li Guangning (李光寧)	53	Non-executive Director	April 24, 2025	April 24, 2025	Participating in the formulation of our Company's corporate and business strategies
Independent Non-executive Directors					
Mr. Chu Howard Ho Hwa (朱賀華)	61	Independent non-executive Director	April 24, 2025	April 24, 2025	Responsible for providing independent opinion and judgment to the Board
Dr. Lyu Wendong (呂文楝)	57	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board
Dr. Zhang Chun (張春)	53	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board
Dr. Zhang Xiaojun (張曉君)	41	Independent non-executive Director	July 31, 2023	July 31, 2023	Responsible for providing independent opinion and judgment to the Board

Executive Directors

Mr. Wang Dongsheng (王東升), aged 68, is an executive Director and the chairman of the Strategy and Investment Committee of our Company. Mr. Wang founded our Company in September 2019. From October 2019 to April 2025, Mr. Wang worked as our Director and chairman of the Board. Mr. Wang was re-designated as an executive Director and chairman of the Strategy and Investment Committee in April 2025.

Mr. Wang has more than 40 years of experience in the semiconductor industry, he is a distinguished systems engineering and financial expert, as well as a pioneering entrepreneur in the information and communications technology industry. Mr. Wang led the founding of BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) ("**BOE**"), a company listed on the Shenzhen Stock Exchange (stock code: 000725.sz). Mr. Wang served as chairman and chief executive officer from the founding of BOE until May 2016, then continued as chairman until the conclusion of his term in June 2019, when he ceased his positions in BOE. From the beginning of the Track Record Period to December 2023, Mr. Wang indirectly held less than 0.2% interests in BOE. Under his leadership, BOE resolved China's critical "display shortage" situation, growing to be a global leader in semiconductor display industry and fundamentally reshaping the international competitive landscape. In 2019, he was granted the David Sarnoff Industrial Achievement award by the Society for Information Display.

In addition, Mr. Wang also serves as the chairman of ESWIN Group since November 2019, and a director taking non-executive role of Xi'an ESWIN Material Technology Co., Ltd. (西安奕斯偉材料科技股份有限公司), a subsidiary of ESWIN Group, since July 2019.

Mr. Wang graduated from Hangzhou Radio Industrial College (杭州無線電工業學校), currently known as Hangzhou Dianzi University (杭州電子科技大學), majoring in financial accounting in the PRC in July 1980. Then he completed his undergraduate studies in industrial financial accounting at Renmin University of China (中國人民大學) in the PRC in June 1987. He further earned a master of engineering in June 1995 from University of Electronic Science and Technology of China (電子科技大學).

Mr. Wang Bo (王波), aged 63, is an executive Director and vice chairman of the Board of our Company. Mr. Wang Bo joined our Company in September 2019 as chief operating officer. Mr. Wang Bo served as our president from May 2022 and chief executive officer from May 2023. Also, he has been serving as our Director since May 2022 and vice chairman of the Board since December 2023. Mr. Wang Bo was re-designated as an executive Director and vice chairman of the Strategy and Investment Committee in April 2025.

Mr. Wang Bo has around 30 years of experience in integrated circuit industry. Prior to joining our Company, from October 1995 to August 2019, Mr. Wang Bo worked at Intel Corporation, a company listed on the NASDAQ (stock code: INTC), where he last served as a product director.

Mr. Wang Bo obtained his bachelor's degree in automation engineering through correspondence education from Northeast Electric Power University (東北電力大學), formerly known as Northeast China Institute of Electric Power Engineering (東北電力學院) in the PRC in July 1988. He further pursued his studies at the California State University, Chico where he earned a master's degree in electronic engineering in the United States in May 1995.

Mr. Mi Peng (米鵬), aged 44, is an executive Director, chairman of the Board and chief executive officer of our Company. Mr. Mi Peng joined our Company in September 2019 as chief financial officer. Mr. Mi Peng served as our president since May 2023, and our chief executive officer since December 2024. Mr. Mi Peng has been serving as our Director since April 2020, and was re-designated as an executive Director, chairman of the Board and chief executive officer in April 2025. Mr. Mi Peng also serves as a director or management in certain subsidiaries of our Company.

Mr. Mi Peng has around 25 years of experience in finance and corporate management. Prior to joining our Company, Mr. Mi Peng worked at various departments and subsidiaries of BOE from July 2001 to October 2015, with positions held including head of budget department, head of investment department and head of planning center. From October 2015 to December 2017, Mr. Mi Peng worked at Beijing Singularity Power Investment Management Co., Ltd. (北京芯動能投資管理有限公司) as deputy general manager. From January 2018 to September 2019, Mr. Mi Peng served as the general manager of the Predecessor Company.

In addition to his roles within our Company, Mr. Mi Peng also serves as a director taking non-executive role at ESWIN Group since November 2019.

Mr. Mi Peng obtained his bachelor's degree in management majoring in accounting from Shenyang Ligong University (瀋陽理工大學), formerly known as Shenyang Institute of Industry Technology (瀋陽工業學院) in the PRC in July 2001. He further earned a master's degree in economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in the PRC in June 2011.

Mr. Hu Weihao (胡巍浩), aged 42, is an executive Director, president and chief operating officer of our Company. Mr. Hu Weihao joined our Company in September 2019 as marketing director and then general manager of our display interactive business unit since August 2020. Mr. Hu Weihao has been serving as our chief marketing and sales officer since June 2022, our president and chief operating officer since December 2024. Mr. Hu Weihao was appointed as an executive Director in April 2025.

Mr. Hu Weihao has around 20 years of experience in semiconductor industry. Prior to joining our Company, Mr. Hu Weihao worked for SANYO Technology Center (Shenzhen) Co. Ltd. (三洋科技中心(深圳)有限公司), formerly known as Shenzhen Huaqiang-SANYO Technology Design Co. Ltd. (深圳華強三洋技術設計有限公司), a subsidiary of Panasonic Holdings Corporation, which is listed on the Tokyo Stock Exchange (stock code: 6752.tyo) from July 2005 to June 2009. From June 2009 to September 2017, Mr. Hu Weihao worked in BOE with his last position as head of department of interactive commercial display development. From October 2017 to September 2019, Mr. Hu Weihao served as a marketing director of the Predecessor Company.

Mr. Hu Weihao obtained his bachelor's degree in electronic science and technology from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 2005. He further pursued his studies at the Tsinghua University (清華大學), and is expected to obtain a degree of executive master of business administration in the PRC in July 2025.

Non-executive Directors

Mr. Li Jiaqing (李家慶), aged 51, joined our Company as a Director in April 2020. Mr. Li Jiaqing was re-designated as a non-executive Director in April 2025.

Mr. Li Jiaqing has over 20 years of experience in corporate strategy and governance. Since 2001, he has been serving at Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**") and is currently the president of the company, formerly known as Beijing Legend Management Co., Ltd. (北京君聯資本管理有限公司) and Beijing Legend Capital Investment Consultant Co., Ltd. (北京聯想投資顧問有限公司).

In addition, Mr. Li Jiaqing has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
May 2016 to May 2025	Hichain Logistics Co., Ltd. (江蘇海晨物流股份有限公司)	Shenzhen Stock Exchange, stock code: 300873.sz	Director
November 2012 to September 2024 . .	How Buy Wealth Management Co., Ltd. (好買財富管理股份有限公司)	National Equities Exchange and Quotations, stock code: 834418.neeq	Director
October 2016 to present	Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司)	Shenzhen Stock Exchange, stock code: 300759.sz Stock Exchange, stock code: 3759.hk	Non-executive director
July 2017 to April 2024	Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司)	Shanghai Stock Exchange, stock code: 601156.sh	Director
June 2020 to September 2024 . .	UCloud Technology Co., Ltd. (優刻得科技股份有限公司)	Shanghai Stock Exchange, stock code: 688158.sh	Director

Mr. Li Jiaqing obtained his dual bachelor's degree in mechanical engineering and enterprise management and a master's degree in management from Tsinghua University (清華大學) in the PRC in July 1996 and July 1999, respectively. He further pursued his studies at the Collège des Ingénieurs, where he earned a master's degree in business administration in France in June 2001.

Dr. Yu Xinhua (俞信華), aged 50, joined our Company as a Director in October 2019. Dr. Yu Xinhua was re-designated as a non-executive Director in April 2025.

Dr. Yu Xinhua has over 20 years of experience in investment. He worked at IDG Capital (IDG資本) since 2005, currently serves as a partner. Dr. Yu Xinhua currently serves as a director of multiple corporations, including: Gokin Solar Co., Ltd. (高景太陽能股份有限公司).

Dr. Yu Xinhua obtained his bachelor's degree in materials science from Zhejiang University (浙江大學) in the PRC in June 1997. He further obtained a master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC, and a doctorate degree in business administration from Singapore Management University in Singapore in June 2024.

In addition, Dr. Yu Xinhua has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
December 2019 to September 2022 . .	Shanghai Aiko Solar Co., Ltd. (上海愛旭新能源股份有限公司)	Shanghai Stock Exchange, stock code: 600732.sh	Director
April 2016 to August 2023	BOE HC SemiTek Corp (京東方華燦光電股份有限公司)	Shenzhen Stock Exchange, stock code: 300323.sz	Director, vice chairman of board of Directors
January 2023 to August 2024	Jiangsu Aisen Semiconductor Material Co., Ltd. (江蘇艾森半導體材料股份有限公司)	Shanghai Stock Exchange, stock code: 688720.sh	Director
August 2022 to present	REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)	Stock Exchange, stock code: 0666.hk	Non-executive Director
August 2023 to April 2025	BOE HC SemiTek Corp (京東方華燦光電股份有限公司)	Shenzhen Stock Exchange, stock code: 300323.sz	Supervisor, chairman of the Supervisory Committee

Mr. Zhang Shuai (張帥), aged 39, joined our Company as a Director in July 2023. Mr. Zhang Shuai was re-designated as a non-executive Director in April 2025.

Mr. Zhang Shuai has extensive experience in financial sector. Mr. Zhang Shuai joined Sino-IC Capital Ltd. (華芯投資管理有限責任公司) in August 2020 and he currently serves as a department manager. Before joining Sino-IC Capital Ltd., Mr. Zhang Shuai served as a deputy director and other positions at China Development Bank (國家開發銀行).

In addition, Mr. Zhang Shuai has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
January 2021 to June 2022	China Wafer Level CSP Co., Ltd. (蘇州晶方半導體科技股份有限公司)	Shanghai Stock Exchange, stock code: 603005.sh	Director
January 2021 to December 2023 . .	Telink Semiconductor Shanghai Co Ltd (泰淩微電子(上海)股份有限公司)	Shanghai Stock Exchange, stock code: 688591.sh	Director
June 2021 to August 2024	Suzhou Centec Communications Co Ltd (蘇州盛科通信股份有限公司)	Shanghai Stock Exchange, stock code: 688702.sh	Director
July 2021 to June 2023	Rockchip Electronics Co., Ltd. (瑞芯微電子股份有限公司)	Shanghai Stock Exchange, stock code: 603893.sh	Director
June 2021 to June 2023	GigaDevice Semiconductor Inc (兆易創新科技集團股份有限公司)	Shanghai Stock Exchange, stock code: 603986.sh	Director
August 2021 to May 2025	Biwin Storage Technology Co Ltd (深圳佰維存儲科技股份有限公司)	Shanghai Stock Exchange, stock code: 688525.sh	Director

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
August 2021 to Present	Sai MicroElectronics Inc (北京賽微電子股份有限公司)	Shenzhen Stock Exchange, stock code: 300456.sz	Director
September 2021 to August 2024	Smarter Microelectronics Guangzhou Co. Ltd (廣州慧智微電子股份有限公司)	Shanghai Stock Exchange, stock code: 688512.sh	Director
December 2023 to Present	Empyrean Technology Co Ltd (北京華大九天科技股份有限公司)	Shenzhen Stock Exchange, stock code: 301269.sz	Director

Mr. Zhang Shuai obtained his bachelor's degree in electronics and information engineering from Beihang University (北京航空航天大學) in the PRC in July 2006. He further pursued his studies at the University of Southampton, where he earned a master's degree in microelectronic systems design in the United Kingdom in November 2007.

Mr. Li Guangning (李光寧), aged 53, joined our Company as a non-executive Director in April 2025.

Mr. Li Guangning has over 20 years of experience in corporate strategy and governance. Since April 2003, Mr. Li Guangning has served as a director of Zhuhai Huafa Group Co., Ltd. (珠海華發集團有限公司). Also, since May 2025, Mr. Li Guangning worked at Zhuhai Science and Technology Industry Group Co., Ltd. (珠海科技產業集團有限公司) as a director and the general manager.

In addition, Mr. Li Guangning has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
May 2004 to present	Zhuhai Huafa Properties Co., Ltd. (珠海華發實業股份有限公司)	Shanghai Stock Exchange, stock code: 600325.sh	Director and chairman of the board
September 2020 to November 2022 . .	Weiye Construction Group Co., Ltd. (深圳市維業裝飾集團股份有限公司)	Shenzhen Stock Exchange, stock code: 300621.sz	Director
March 2021 to December 2023 . .	Advanced Fiber Resources (Zhuhai) Ltd (珠海光庫科技股份有限公司)	Shenzhen Stock Exchange, stock code: 300620.sz	Director
From May 2021 to August 2023	BOE HC Semitek Corporation (京東方華燦光電股份有限公司)	Shenzhen Stock Exchange, stock code: 300323.sz	Director
From July 2014 to November 2024 . .	Huafa Property Services Group Company Limited (華發物業服務集團有限公司)	Previously listed on the Stock Exchange, stock code: 0982.hk, and was delisted in September 2024	Director

Mr. Li Guangning obtained his bachelor's degree in corporate management and master's degree in global economics from Sun Yat-sen University (中山大學) in the PRC in July 1993 and June 1997, respectively.

Independent Non-executive Directors

Mr. Chu Howard Ho Hwa (朱賀華), aged 61, has been appointed as an independent non-executive Director in April 2025.

Mr. Chu Howard Ho Hwa has 15 years of experience in corporate governance. Prior to joining our Company, he worked at the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
August 2009 to October 2011 . . .	Trony Solar Holdings Company Limited (創益太陽能控股有限公司)	Previously listed on the Stock Exchange, stock code: 2468.hk, and was delisted in August 2018	Chief financial officer
September 2010 to May 2012	China Kingstone Mining Holdings Limited (中國金石礦業控股有限公司)	Stock Exchange, stock code: 1380.hk	Independent non-executive Director
May 2010 to June 2016	Directel Holdings Limited (直通電訊控股有限公司)	Stock Exchange, stock code: 8337.hk	Independent non-executive Director
June 2012 to June 2015	Weichai Power Co., Ltd (濰柴動力股份有限公司)	Stock Exchange, stock code: 2338.hk	Independent non-executive Director
June 2016 to present	BOE Varitronix Limited (京東方精電有限公司)	Stock Exchange, stock code: 0710.hk	Independent non-executive Director
June 2019 to present	Guolian Minsheng Securities Co Ltd. (國聯民生證券股份有限公司)	Stock Exchange, stock code: 1456.hk	Independent non-executive Director
September 2022 to present	Crypto Flow Technology Limited (加幂科技有限公司)	Stock Exchange, stock code: 8198.hk	Independent non-executive Director

Mr. Chu Howard Ho Hwa obtained his bachelor's degree in electrical engineering from University of Rochester in the United States in May 1986. He further pursued his studies at the Columbia University in the City of New York, where he earned a master's degree in business administration in the United States in May 1990.

Dr. Lyu Wendong (呂文棟), aged 57, has been appointed as an independent Director of the Company in July 2023, and was re-designated as an independent non-executive Director in April 2025.

Dr. Lyu Wendong has about 20 years of experience in science and technology policy research. Dr. Lyu Wendong serve as a professor of Business School of University of International Business and Economics (對外經貿大學) since December 2006.

Dr. Lyu Wendong has/had held the positions in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
May 2018 to May 2024	Henan Yuguang Gold and Lead Co., Ltd. (河南豫光金鉛股份有限公司)	Shanghai Stock Exchange, stock code: 600531.sh	Independent Director
September 2020 to December 2024 . .	Hua Xia Bank Co., Limited (華夏銀行股份有限公司)	Shanghai Stock Exchange, stock code: 600015.sh	Independent Director
September 2020 to present	Henan Pinggao Electric Company Limited (河南平高電氣股份有限公司)	Shanghai Stock Exchange, stock code: 600312.sh	Independent Director
November 2024 to present	Integritytech Corp (永信至誠科技集團股份有限公司)	Shanghai Stock Exchange, stock code: 688244.sh	Independent Director

Dr. Lyu Wendong obtained his bachelor's degree in economic management from Shanxi University (山西大學) in the PRC in August 1990. He further pursued his studies at Renmin University of China (中國人民大學), where he earned a master's degree in business administration in the PRC in July 1999. He then received a doctorate degree in theory and methods in political science from Peking University in the PRC in June 2004.

Dr. Zhang Chun (張春) (former name: Zhang Xiaochun (張曉春)), aged 53, has been appointed as an independent Director of the Company in July 2023 and was re-designated as an independent non-executive Director in April 2025.

Dr. Zhang Chun has about 25 years of experience in electronic information research. Dr. Zhang Chun joined Tsinghua University (清華大學) in July 2000, and currently serve as the director of a research institute of Tsinghua University.

Dr. Zhang Chun obtained his bachelor's degree in radio technology and information system and doctorate degree in circuit system from Tsinghua University (清華大學) in the PRC in July 1995 and June 2000, respectively.

Dr. Zhang Chun is a senior member of Institute of Electrical and Electronics Engineers.

Dr. Zhang Xiaojun (張曉君), aged 41, has been appointed as an independent Director of the Company in July 2023 and was re-designated as an independent non-executive Director in April 2025.

Dr. Zhang Xiaojun has about 10 years of experience in accounting. Dr. Zhang Xiaojun joined Peking University (北京大學) in 2015 and and currently serve as a associate professor in accounting department of Guanghua School of Management of Peking University (北京大學光華管理學院會計系) and a deputy director of the Research Center for International Accounting and Finance of Peking University (北京大學國際會計與財務研究中心).

Dr. Zhang Xiaojun obtained her bachelor's degree in accounting and statistics and a master's degree in statistics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2007 and June 2009, respectively. She then received a doctorate degree from Nanyang Technological University in Singapore in September 2015.

SUPERVISORY COMMITTEE

The Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include supervising the performance of duty of the Board and the senior management of our Company and overseeing the financial conditions of our Company.

The following table sets out key information about our Supervisors:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Supervisor	Responsibilities
Mr. Sun Dafei (孫達飛)	46	Supervisor, chairman of the Supervisory Committee	October 21, 2019	May 31, 2022	Responsible for monitoring the performance of the Directors and senior management
Mr. Liu Shuai (劉帥)	29	Supervisor	February 18, 2021	May 31, 2022	Responsible for monitoring the performance of the Directors and senior management
Mr. Wang Qi (王琪)	33	Employee representative Supervisor	September 24, 2019	May 10, 2022	Responsible for monitoring the performance of the Directors and senior management

Mr. Sun Dafei (孫達飛), aged 46, is the chairman of our Supervisory Committee since May 31, 2022.

Mr. Sun Dafei has over 20 years of experience in investment and financing. From May 2003 to May 2007, Mr. Sun Dafei worked for China Development Bank (國家開發銀行) as an assessment specialist. From July 2007 to September 2011, Mr. Sun Dafei worked for Royal Bank of Scotland & ABN AMRO Beijing Branch as a director and deputy general manager. Mr. Sun Dafei is the founder of Beijing Triniti Capital Management Co. Ltd (北京三行資本管理有限責任公司) and served as the chief executive officer since March 2015.

Mr. Sun Dafei obtained his bachelor's degree in communication engineering and master's degree in communication and information system from Beijing Institute of Technology (北京理工大學) in the PRC in July 2000 and March 2003, respectively. He further pursued his studies at the Tsinghua University (清華大學) in the PRC, and obtained a master's degree in business administration in July 2018.

Mr. Liu Shuai (劉帥), aged 29, has served as our Supervisor since May 31, 2022.

Mr. Liu Shuai has about eight years in accounting and financing. From October 2017 to May 2019, Mr. Liu Shuai worked as an auditor at PricewaterhouseCoopers Zhong Tian LLP Beijing Branch (普華永道中天會計師事務所(特殊普通合夥)北京分所). From June 2019 to February 2021, Mr. Liu Shuai worked as a financial analysis specialist at Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司). Besides, Mr. Liu Shuai was a finance business partner of our Company from February 2021 to May 2022. Since June 2022, Mr. Liu Shuai joined ESWIN Group as the head of investment management department and responsible for post-investment management.

Mr. Liu Shuai obtained his bachelor's degree in business administration from Nankai University (南開大學) in the PRC in June 2017.

Mr. Wang Qi (王琪), aged 33, has served as our Supervisor since May 10, 2022. Mr. Wang Qi joined our Company in September 2019 as a legal business partner. Further, he was designated as our chief legal officer since October 2024.

Mr. Wang Qi has over 10 years of experience in legal practice. Mr. Wang Qi was an associate lawyer of Beijing Dentons Law Office, LLP (Chongqing) (北京大成(重慶)律師事務所) from August 2014 to June 2017. From June 2017 to June 2019, Mr. Wang Qi worked at China Mobile IoT Company Limited (中移物聯網有限公司), a subsidiary of China Mobile Limited (中國移動有限公司), which is listed on the Stock Exchange (stock code: 0941.hk) and Shanghai Stock Exchange (stock code: 600941.sh).

Mr. Wang Qi obtained his bachelor's degree in law from Chongqing University (重慶大學) in the PRC in June 2014.

Mr. Wang Qi obtained the Legal Profession Qualification from the Ministry of Justice of the PRC to practice law in the PRC in March 2015.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Mi Peng (米鵬)	44	Executive Director, chairman of the Board and chief executive officer	September 24, 2019	September 24, 2019	Responsible for the overall management of our Company
Mr. Hu Weihao (胡巍浩)	42	Executive Director, president and chief operating officer	September 24, 2019	December 10, 2023	Responsible for the overall operation of our Company and directly responsible for embodied intelligence business group
Dr. He Ning (何寧)	48	Senior vice president and chief technology officer	November 3, 2020	July 12, 2023	Responsible for technological innovation and management, technology ecosystem development, and technology-related business operations of our Company
Ms. Li Yang (李洋)	33	Chief financial officer	September 24, 2019	December 10, 2023	Responsible for corporate accounting, budgeting and capital management, as well as financial risk control of our Company

Mr. Mi Peng (米鵬), aged 44, is an executive Director, chairman of the Board and chief executive officer of our Company. See "— Board of Directors — Executive Directors" above for details of his biography.

Mr. Hu Weihao (胡巍浩), aged 42, is an executive Director, president and chief operating officer of our Company. See "— Board of Directors — Executive Directors" above for details of his biography.

Dr. He Ning (**何寧**), aged 48, is a senior vice president and the chief technology officer of our Company. Dr. He Ning joined our Company in November 2020 as director of the system strategy office. Dr. He Ning has been serving as head of our Central Research Institute since February 2021 and our chief technology officer since July 2023.

Dr. He Ning has about 20 years of experience in research and development of integrated circuit and system solution. Prior to joining our Company, from October 2006 to August 2015, Dr. He Ning served at Qualcomm Technologies, Inc., a company listed on the NASDAQ (stock code: QCOM) with his last position being senior staff engineer. Later, from August 2015 to July 2017, Dr. He Ning worked as a principal architect of integrated circuit at ZTE (TX) Inc., a subsidiary of ZTE Corporation (中興通訊股份有限公司), which is listed on the Stock Exchange (stock code: 0763.hk) and Shenzhen Stock Exchange (stock code: 000063.sz). From July 2017 to November 2020, Dr. He Ning worked for Shenzhen Genvict Technology Co. Ltd. (深圳市金溢科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 002869.sz). as vice president and chief technology officer.

Dr. He Ning is currently a member of RISC-V International's board of directors, rotating chairman of China Electronics Standardization Association RISC-V Ecosystem and Industry Committee (中國電子工業標準化技術協會RISC-V工作委員會) and vice chairman of Zhongguancun Standardization Association (中關村標準化協會).

Dr. He Ning obtained his bachelor's degree in image transmission and processing and master's degree in signal and information processing from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 1999 and March 2002, respectively. He further pursued his studies at the Arizona State University in the United States and obtained his Ph.D in electrical engineering in December 2006.

Ms. Li Yang (**李洋**), aged 33, is the chief financial officer of our Company. Ms. Li Yang joined our Company in September 2019 as an accountant. Ms. Li Yang has serving as our person-in-charge of finance since December 2023 and chief financial officer since April 2025.

Ms. Li Yang has extensive experience in financing management. Prior to joining our Company, from July 2017 to April 2018, Ms. Li Yang worked as financial accountant in Cartera Commerce, Inc. Later, Ms. Li Yang worked at Ningbo FOTILE Kitchen Ware Co. Ltd. (寧波方太廚具有限公司) as internal auditor during August 2018 to April 2019.

Ms. Li Yang obtained her bachelor's degree in economics from Dalian Minzu University (大連民族大學) (formerly known as Dalian Minzu Institute (大連民族學院)) in the PRC and bachelor's degree in business administration from Valparaiso University in the United States in July 2014 and May 2015, respectively. She further pursued her studies at the Purdue University and obtained a master's degree of science in May 2017.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors, Supervisors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company.

To the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Bu Tian (卜天), aged 34, has served as our Board secretary and joint company secretary since May 31, 2022 and April 24, 2025, respectively.

Ms. Bu Tian has nearly 10 years of experience in securities, investment, and financing. Prior to joining our company, she held positions related to investor relations in BOE from October 2016 to April 2019. In April 2019, she joined our Predecessor Company as an investment and financing manager. Since September 2019, she has held various positions within our Company, including director of the securities department, head of the investment and financing center, Board secretary.

Ms. Bu Tian obtained her master's degree in management from University College London in the United Kingdom in November 2015.

Mr. Lee Leong Yin (李亮賢) has been conditionally appointed as our joint company secretary on April 24, 2025 to be taken effect from the [**REDACTED**]. Mr. Lee Leong Yin has over 14 years of experience in the corporate secretarial field. Since October 2021, Mr. Lee Leong Yin has been working as a senior manager for Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Mr. Lee Leong Yin is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Lee Leong Yin obtained a bachelor's degree in business administration from Hong Kong Metropolitan University (previously known as The Open University of Hong Kong) in Hong Kong in August 2010.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Strategy and Investment Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Strategy and Investment Committee

The Strategy and Investment Committee of our Company consists of eight Directors, namely Mr. Wang, Mr. Li Jiaqing, Dr. Yu Xinhua, Mr. Zhang Shuai, Mr. Li Guangning, Mr. Wang Bo, Mr. Mi Peng and Mr. Hu Weihao. Mr. Wang and Mr. Wang Bo serve as the chairman and vice chairman of the Strategy and Investment Committee, respectively. The primary duties of the Strategy and Investment Committee include, but not limited to, the following:

- conducting regular review and making recommendations on our Company's business objectives and medium-term and long-term development strategies in light of our Company's operating conditions and changes in the market environment;
- reviewing and making recommendations on major investment and financing plans, subject to the approval of our Board as stipulated in the Articles of Association;
- reviewing and making recommendations on major transactions, subject to the approval of our Board as stipulated in the Articles of Association;
- reviewing and making recommendations on matters materially affecting the development of our Company;
- examining the implementation of the above matters and report to our Board;
- dealing with other matters that are authorized by our Board; and
- reviewing major personnel restructuring matters.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Chu Howard Ho Hwa, Dr. Lyu Wendong and Dr. Zhang Xiaojun. Mr. Chu Howard Ho Hwa, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;

- examining the financial information of our Company and reviewing financial reports and statements of our Company;

- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Chu Howard Ho Hwa, Mr. Wang and Dr. Zhang Xiaojun. Mr. Chu Howard Ho Hwa serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;

- reviewing the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board;

- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;

- supporting the Company's regular evaluation of the Board's performance; and

- dealing with other matters that are authorized by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Lyu Wendong, Mr. Wang and Dr. Zhang Chun. Dr. Lyu Wendong serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- monitoring the implementation of remuneration system of our Company;

- making recommendations on the remuneration packages of our Directors and senior management; and

- dealing with other matters that are authorized by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

COMPENSATION OF DIRECTORS AND SUPERVISORS

Our Directors and Supervisors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB21.4 million, RMB40.7 million, and RMB37.6 million, respectively.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Supervisors amounted to approximately RMB1.1 million, RMB1.0 million, and RMB0.8 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB85.5 million.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to approximately RMB27.2 million, RMB17.0 million and RMB10.9 million for the years ended December 31, 2022, 2023 and 2024 respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Mi Peng currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have four independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR SINGLE LARGEST SHAREHOLDERS

Upon the [**REDACTED**], the group of our Single Largest Shareholders will include ESWIN Group, Yili Technology, Yixiang Technology, Yiming Technology, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan (楊新元), and Mr. Liu Huanping (劉還平). Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and upon the [**REDACTED**], they will collectively control [**REDACTED**] of our total issued share capital.

ESWIN Group directly holds 17.74% of our total issued share capital as of the date of this Document. ESWIN Group also manages, as a general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital as of the Latest Practicable Date, respectively.

ESWIN Group is held by Yiming Technology, Mr. Mi Peng, Mr. Yang Xinyuan and Mr. Liu Huanping as to 52.4003%, 7.2057%, 4.3234% and 3.9908%, respectively. Yiming Technology is held by Mr. Wang as to 63% as its general partner and other nine individuals as its limited partners. None of the limited partners are interested in Yiming Technology as to more than 10%. Mr. Mi Peng is our executive Director, chairman of the Board and chief executive officer. Pursuant to an agreement entered into between Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping in May 2025, Mr. Wang, Mr. Mi Peng, Mr. Yang Xinyuan, and Mr. Liu Huanping are acting in concert with respect to all matters in the board meeting and general meeting of ESWIN Group.

The remaining shares of ESWIN Group is held by Ningbo Yingtaihong Investment Partnership (L.P.) (寧波盈泰泓投資合夥企業(有限合夥), ("Ningbo Yingtaihong"), Tianjin Haotian Zhongjia Equity Investment Partnership (L.P.) (天津皓天中佳股權投資合夥企業(有限合夥), ("Tianjin Haotian") and Mr. Fang Xiangming (方向明) as to 21.6068%, 6.5929% and 3.88%, respectively. Ningbo Yingtaihong is managed by Ningbo Xuanyue as its general partner and held by Guohua Life Insurance Co., Ltd. and Ningbo Xuanyue as to 85.7143% and 14.2857%, respectively. Ningbo Xuanyue is the general partner of Ningbo Zhuangxuan, one of our [**REDACTED**] Investors. For further details of Ningbo Xuanyue and Guohua Life Insurance Co., Ltd., please refer to the section headed "History, Development and Corporate Structure — [**REDACTED**] Investments — Information of the [**REDACTED**] investors — Ningbo Zhuangxuan and Shanghai Qianyou". Tianjing Haotian is managed by Yiwu Ruiteng Investment Management Company Limited (義烏睿騰投資管理有限公司) as its general partner, which is ultimately controlled by Mr. Li Jianguang, Mr. Niu Kuiguang and Mr. Wang Jingbo. Tianjin Haotian is under the control of IDG Capital, whose controlled entities are also our [**REDACTED**] Investors. For details, please refer to "History, Development and Corporate Structure — [**REDACTED**] Investments — Information of the [**REDACTED**] Investors — Boxin Chuangcheng, Bosi Zongheng and Boming Weiye". Mr. Fang Xiangming (方向明) is our Independent Third Party.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Single Largest Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Single Largest Shareholders and their respective close associates upon and after the [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Single Largest Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Single Largest Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Single Largest Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises 12 Directors, including four executive Directors, four non-executive Directors and four independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholders and their respective close associates for the following reasons:

(a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Single Largest Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a finance organization independent from our Single Largest Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the [**REDACTED**] Investments from third party investors independently. For details of the [**REDACTED**] Investments, see "History, Development and Corporate Structure" of this Document. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Single Largest Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Single Largest Shareholders or their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholders and our Company and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholders or any of their respective close associates has a material interest, our Single Largest Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if any transaction is proposed between our Company and our Single Largest Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing more than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Company and our Single Largest Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

OVERVIEW

We have entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Following the [**REDACTED**], the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

SUMMARY OF OUR CONNECTED PERSONS

Upon the [**REDACTED**], the following parties, which have entered into certain written agreements with our Company, will be connected persons of our Company:

Name of Connected Persons	Connected Relationships
ESWIN Group	One of our Single Largest Shareholders
Xi'an ESWIN Technology Industry Development Co., Ltd. (西安奕斯偉科技產業發展有限公司) ("**ESWIN Industry Development**")	A wholly-owned subsidiary of ESWIN Group

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

No.	Transactions	Applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31, 2025	2026	2027
				(RMB in million)		
Fully-exempt continuing connected transaction						
1. . . .	Trademark Licensing Agreements	14A.52 and 14A.76(1)(a)	N/A	N/A	N/A	N/A
Partially-exempt continuing connected transaction						
2. . . .	Property Management Service Agreements	14A.76(2) and 14A.105	Announcement requirement	6.7	2.0	N/A

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Trademark Licensing Agreements

Parties: our Company (as the licensee); and

ESWIN Group (as the licensor).

Principal terms

Our Company entered into two trademark licensing agreements with ESWIN Group on April 24, 2025 and April 28, 2025 with effect from the dates thereof (the "**Trademark Licensing Agreements**"). Pursuant to the Trademark Licensing Agreements ESWIN Group agreed to grant a non-exclusive right to our Company to use a number of registered trademarks owned by ESWIN Group (the "**Licensed Trademarks**") on a royalty-free basis for a term of ten years (the **"Licensing Period"**). We are entitled to use the Licensed Trademarks within their respective validity period (including the renewal of validity period of the Licensed Trademarks) within the scope stipulated in the Trademark Licensing Agreements. For details of the Licensed Trademarks, which we consider to be or may be material to our business, please refer to the section headed "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights — Trademarks".

Upon the renewal or extension of the Trademark License Agreements after the Licensing Period, the Company will review the expected annual caps and comply with relevant requirements under Chapter 14A of the Listing Rules.

Historical Amount

During the Track Record Period, we used the Licensed Trademarks on a royalty-free basis. Therefore, the transaction amount in relation to the Licensed Trademarks granted by ESWIN Group to our Company was nil, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively.

Reasons for and benefits of the Transaction

ESWIN Group is one of our Single Largest Shareholders, and our Company has been using the Licensed Trademarks for our business operations during the Track Record Period. We believe that to continue to use the Licensed Trademarks after the completion of the [**REDACTED**] is in the best interests of our Company and the Shareholders as a whole.

Listing Rules Implication

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors are of the view that the Trademark License Agreements were entered into on normal commercial terms and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity of our market recognition, and it is normal business practice for trademark license agreement of similar type to be entered into for such duration. The Joint Sponsors are of the view that entering into such agreement with a term of over three years is in line with normal business practice.

As the right to use the Licensed Trademarks is granted to us on a royalty-free basis, the transaction under the Trademark License Agreements will be within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Property Management Service Agreements

Parties: ESWIN Xi'an (as the client); and

ESWIN Industry Development (as the service provider).

Principal Terms

ESWIN Xi'an entered into several property management service agreements in April 2023 and April 2024 with ESWIN Industry Development ("**Property Management Service Agreements**") for a term of three years from April 17, 2023 to April 16, 2026. Pursuant to the Property Management Service Agreements, ESWIN Industry Development shall provide certain property management services to ESWIN Xi'an with respect to industrial areas leased from ESWIN Group to ESWIN Xi'an, including but not limited to routine management of office building and residential areas, water and electricity supply, garbage collection and air-conditioning services.

Historical Amounts, Annual Caps and Basis for Annual Caps

The historical transaction amounts incurred by ESWIN Xi'an for the property management service provided by ESWIN Industry Development is nil for the year ended December 31, 2022 and approximately RMB4.3 million and RMB6.6 million for the years ended December 31, 2023 and 2024, respectively.

The proposed annual caps of the transaction fees contemplated under the Property Management Service Agreements are: approximately RMB6.7 million for the year ending December 31, 2025 and approximately RMB2.0 million for the year ending December 31, 2026.

The proposed annual caps of the transaction fees above are determined with reference to (i) the pre-determined fee rates as stipulated in the Property Management Service Agreements based on the different service types, (ii) the historical transaction amounts, (iii) the expected unchanged leased area, (iv) the expected unchanged water and electricity rates and consumption levels, and (v) a moderate increase in employee headcount.

Reason for and benefits of the Transactions

In 2023, We leased certain properties in an industrial area operated by ESWIN Industry Development, a subsidiary of ESWIN Group mainly engaged in property management services for industrial areas, in order to operate certain of our businesses in Xi'an, as one of the lessees of this industrial area. All of the property management services for this industrial area are provided by ESWIN Industry Development. We engaged ESWIN Industry Development as the property management service provider as a result of relevant leasing policy of ESWIN Industry Development adopted to all lessees with terms substantially the same as the other lessees, including Independent Third Parties. Taken into account (i) the qualification of the service provider, (ii) the quotation of the charges, which are in no less favorable terms to our Group, than those available from the Independent Third Parties, (iii) the quality of relevant service provided, and (iv) a comprehensive understanding of business and operational requirements from ESWIN Group and its subsidiary based on our long-term business relationship, we believe it is in the best interests of the Company and our Shareholders as a whole to continue such property management service after the [**REDACTED**].

Pricing Basis

The fees charged for the property management service are determined on an arm's length negotiation basis between ESWIN Xi'an and ESWIN Industry Development with reference to factors including (i) costs incurred by ESWIN Xi'an for the property management service, and (ii) the fees charged by Independent Third Parties for similar property management service in the market.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis for continuing connected transactions under the Property Management Service Agreements. Accordingly, the continuing connected transactions under the Property Management Service Agreements are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Property Management Service Agreements, we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2025 and 2026 shall not exceed relevant annual amounts stated above.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions as contemplated under the Property Management Service Agreements described above have been and shall be entered into: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better, and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the documentation, information and data provided by the Company and participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that: (i) the continuing connected transactions as contemplated under the Property Management Service Agreements for which waivers have been sought have been and will be entered into in the ordinary and usual course of business of the Company on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transactions under the Property Management Service Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB2,042,143,304 comprising 2,042,143,304 Unlisted Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of certain Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
		(%)
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [**REDACTED**] and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [**REDACTED**] and trading of such converted Shares have been completed. Additionally, such conversion, trading and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the [**REDACTED**] of our Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of [**REDACTED**]; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the [**REDACTED**] of our Company, such Shares would not be [**REDACTED**] as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization" in this Document.

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE MANDATE

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted general unconditional mandates to issue our Shares as well as repurchase our Shares. For further details, see "Appendix IV — Statutory and General Information — Further Information about our Company — Resolutions of our Shareholders".

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association" in this Document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of our Unlisted Shares to H Shares assuming the [**REDACTED**] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in our total share capital**
ESWIN Group[1]	Beneficial owner and interests in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**
Yiming Technology[1]	Interest in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**
Mr. Wang[1]	Interest in controlled corporations	644,249,424	31.55%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**
Yili Technology[1]	Beneficial owner	259,734,636	12.72%	**[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**
Boxin Chuangcheng[2]	Beneficial owner	93,113,680	4.56%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Bosi Zongheng[3]	Beneficial owner	59,297,746	2.90%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Zhuhai Hexie Zhiyuan Management Consulting Co., Ltd. (珠海和諧致遠管理諮詢有限公司) ("**Hexie Zhiyuan**")[2][3]	Interest in controlled corporations	152,411,426	7.46%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Li Jianguang (李建光)[2][3]	Interest in controlled corporations	152,411,426	7.46%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Beijing Singularity Power[4]	Beneficial owner	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) ("**BOE**")[4]	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares**	**Approximate percentage of shareholding in the Unlisted Shares/ H Shares**	**Approximate percentage of shareholding in our total share capital**
China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) ("**China IC**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Beijing Yichen Qidian Investment Center (L.P.) (北京益辰奇點投資中心(有限合夥)) ("**Yichen Qidian**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Beijing Singularity Power Investment Management Co., Ltd. (北京芯動能投資管理有限公司) ("**Singularity Power Investment**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Beijing Yichen Investment Center (L.P.) (北京益辰投資中心(有限合夥)) ("**Yichen Center**")(4) . . .	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Ningbo Meishan Bonded Area Yijia Investment Management Partnership Enterprise (L.P.) (寧波梅山保稅港區益嘉投資管理合夥企業(有限合夥)) ("**Yijia**")(4)	Interest in controlled corporations	118,103,703	5.78%	**[REDACTED]** H Shares (L)	**[REDACTED]**	**[REDACTED]**
Beijing Yixin Venture Capital Management Co., Ltd. (北京益新創業投資管理有限公司) ("**Beijing Yixin**")(4)(5)	Interest in controlled corporations	125,122,417	6.13%	**[REDACTED]** H Shares (L) **[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**
Wang Jiaheng (王家恒)(4)(5)	Interest in controlled corporations	125,122,417	6.13%	**[REDACTED]** H Shares (L) **[REDACTED]** Unlisted Shares (L)	**[REDACTED]**	**[REDACTED]**

		As of the Latest Practicable Date		Immediately following the [REDACTED] and Share Subdivision (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares	Approximate percentage of shareholding in our total share capital
Ningbo Meishan Bonded Area Yiqi Investment management Co., Ltd. (寧波梅山保税港區益啟投資管理有限公司) ("**Yiqi**")(4).	Interest in controlled corporations	118,103,703	5.78%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
China IC Fund II	Beneficial owner	105,280,938	5.16%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Sanxing Zhiying(6)	Beneficial owner	55,335,600	2.71%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
Beijing Triniti Capital Management Co. Ltd. (北京三行資本管理有限公司)(6)	Interest in controlled corporations	63,748,040	3.12%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
Sun Dafei (孫達飛)(6). . . .	Interest in controlled corporations	63,748,040	3.12%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
Lu Hai (陸海)(6)	Interest in controlled corporations	63,748,040	3.12%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
Ningbo Zhuangxuan	Beneficial owner	113,727,540	5.57%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
City Renewal Equity Investment (Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥))(7)	Interest in controlled corporations	113,727,540	5.57%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司)(7)(8)	Interest in controlled corporations	136,861,788	6.70%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Hubei Biocause Pharmaceutical Co. Ltd. (天茂實業集團股份有限公司)(7)(8)	Interest in controlled corporations	136,861,788	6.70%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Ningbo Xuanyue Equity Investment Co. Ltd. 寧波宣岳股權投資有限公司(7)(8)	Interest in controlled corporations	136,861,788	6.70%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Xu Xuanbin 徐宣斌(7)(8) . .	Interest in controlled corporations	136,861,788	6.70%	[REDACTED] Unlisted Shares (L)	[REDACTED]	[REDACTED]
Legend Capital Management Co. Ltd. (君聯資本管理股份有限公司)(9).	Interest in controlled corporations	109,007,864	5.34%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]
Mr. Chen Hao (陳浩)(9) . . .	Interest in controlled corporations	109,007,864	5.34%	[REDACTED] H Shares (L)	[REDACTED]	[REDACTED]

Notes:

(1) As of the Latest Practicable Date, ESWIN Group directly holds 17.74% of our total issued share capital, and also manages, as a general partner thereof, Yili Technology and Yixiang Technology, being our employee shareholding platforms with shareholdings of 12.72% and 1.09% of our total issued share capital, respectively. ESWIN Group is held by Yiming Technology as to 52.4003%, where Mr. Wang acts as its general partner with a partnership interest of 63%. Therefore, Mr. Wang and Yiming Technology are interested in the Shares held by ESWIN Group under the SFO. In addition, Mr. Wang, Yiming Technology and ESWIN Group are interested in the Shares held by Yili Technology and Yixiang Technology under the SFO.

(2) Boxin Chuangcheng is held by Shenzhen Jingchuang Zhizao Enterprise Management Partnership Enterprise (L.P.) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Shenzhen Jingchuang Zhizao**") as the general partner. Shenzhen Jingchuang Zhizao is held as to approximately: (1) 99.9% by Shenzhen Baocheng Chuangke Enterprise Management Co., Ltd. (深圳寶成創科企業管理有限公司), a wholly-owned subsidiary of Xizang Hexin Enterprise Management Co., Ltd. (西藏和諧企業管理有限公司) ("**Xizang Hexie**"), as the limited partner; and (2) 0.1% by Xizang Zhizao Enterprise Management Co., Ltd. (西藏智造企業管理有限公司), a wholly-owned subsidiary of Hexie Aiqi Investment Management (Beijing) Co., Ltd. (和諧愛奇投資管理(北京)有限公司) ("**Beijing Aiqi**"), as the general partner. Xizang Hexie is held as to approximately 93.6% by Hexie Zhiyuan, which is held as to 40% by Li Jiangguang (李建光). Beijing Aiqi is held as to approximately 73.8% by Xizang Hexie. Therefore, Hexie Zhiyuan and Li Jiangguang (李建光) are deemed to be interested in the Shares held by Boxin Chuangcheng in our Company under the SFO.

(3) Bosi Zongheng is held as to approximately: (1) 0.7% by Beijing Hexie Xinrong as the general partner; and (2) 79.5% by Hexie Chengzheng Phase II (Yiwu) Investment Center (L.P.) (和諧成長二期(義烏)投資中心(有限合夥)) ("**Hexie Chengzhang**") as a limited partner. Beijing Hexie Xinrong is held as to approximately: (1) 0.1% by Hexie Tianming Investment Management (Beijing) Co., Ltd. (和諧天明投資管理(北京)有限公司), which is held as to 90.0% by Hexie Zhiyuan, as the general partner; and (2) 99.9% by Xizang Aiqi Huide Venture Capital Investment Management Co., Ltd. (西藏愛奇惠德創業投資管理有限公司), which is held as to 92.3% by Hexie Zhiyuan, as the limited partner. Hexie Chengzhang is held by Beijing Hexie Xinrong as the general partner. Therefore, Hexie Zhiyuan and Li Jiangguang (李建光) are deemed to be interested in the Shares held by Bosi Zongheng in our Company under the SFO.

(4) Beijing Singularity Power is held as to approximately: (1) 0.4% by Yichen Qidian as the general partner; (2) 37.3% by BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) (stock code: 000725.sz), as a limited partner; (3) 37.3% by China Integrated Circuit Industry Investment Fund Co., Ltd. (國家集成電路產業投資基金股份有限公司) as a limited partner. Yichen Qidian is held as to approximately: (1) 39.4% by Yichen Center as the general partner; and (2) 60.6% by Singularity Power Investment as the limited partner. Singularity Power Investment is held as to 45% by Yichen Center. Yichen Center is held as to approximately: (1) 45.5% by Beijing Yixin, which is held as to 50% by Wang Jiaheng (王家恒); and (2) 54.5% by Yijia. Yijiais held as to approximately: (1) 1.8% by Yiqi, which is held as to 70% by Wang Jiaheng (王家恒), as the general partner; and (2) 54.1% by Wang Jiaheng (王家恒) as a limited partner. Therefore, BOE, China IC, Yichen Qidian, Singularity Power Investment, Yichen Center, Yijia, Beijing Yixin, Yiqi and Wang Jiaheng (王家恒) are deemed to be interested in the Shares held by Beijing Singularity Power in our Company under the SFO.

(5) Gongqingcheng Singularity Power Computering Venture Investment Partnership Enterprise (L.P.) (共青城芯動能計算創業投資合夥企業(有限合夥)) ("**Gongqingcheng Singularity Power**") is held as to approximately: (1) as to 1.4% by Zhangjiagang Yichen Management Consulting Partnership Enterprise (L.P.) (張家港益辰投資合夥企業(有限合夥)) ("**Zhangjiagang Yichen**") as the general partner; (2) 61.6% by Ying Beilei (應蓓蕾) as a limited partner. Zhangjiagang Yichen is held as to approximately: (1) 9.2% by Beijing Yixin as the general partner; and (2) 43.1% by Wang Jiaheng (王家恒). Therefore, Zhangjiagang Yichen, Beijing Yixin and Wang Jiaheng (王家恒) are deemed to be interested in the Shares held by Gongqingcheng Singularity Power in our Company under the SFO.

(6) Sanxing Zhiying is held as to approximately 0.1% by Beijing Triniti Capital Management Co. Ltd. (北京三行資本管理有限公司) as the general partner, no other limited partners of which hold more than one third partnership interest. Beijing Triniti Capital Management Co. Ltd. (北京三行資本管理有限公司), also the general partner of Xuzhou Yixing, is held as to 65% by Sun Dafei and 35% by Lu Hai. Therefore, Beijing Triniti Capital Management Co. Ltd. (北京三行資本管理有限公司), Sun Dafei and Lu Hai are deemed to be interested in the Shares held by Sanxing Zhixing and Xuzhou Yixing.

(7) City Renewal Equity Investment(Qingdao Jimo) Partnership Enterprise (L.P.) (城市更新股權投資(青島即墨)合夥企業(有限合夥)) ("**Qingdao Renewal**") holds approximately 99.01% partnership interest in Ningbo Zhuangxuan. Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) holds 90.9% partnership interest of Qingdao Renewal as a limited partner. Hubei Biocause Pharmaceutical Co. Ltd. (天茂實業集團股份有限公

司), a company listed on the Shenzhen Stock Exchange (stock code: 000627.sz), holds 51% equity interest of Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司). Therefore, Qingdao Renewal, Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) and Hubei Biocause Pharmaceutical Co. Ltd. (天茂實業集團股份有限公司) are deemed to be interested in the shares held by Ningbo Zhuangxuan.

(8) The general partner of Ningbo Zhuangxuan and Qingdao Renewal is Ningbo Xuanyue Equity Investment Co. Ltd. (寧波宣岳股權投資有限公司) ("**Ningbo Xuanyue**"). Mr. Xu Xuanbin (徐宣斌) hold 70% equity interest in Ningbo Xuanyue. Also, Shanghai Qianyou Electronics Co., Ltd. (上海乾優電子有限公司) is owned approximately 99% by Ningbo Yingtaihong Investment Partnership Enterprise (L.P.) (寧波盈泰泓投資合夥企業(有限合夥)),whose general partner holds 14.3% partnership interest is Ningbo Xuanyue and the limited partner holds 85.7% partnership interest is Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司). Therefore, Ningbo Xuanyue, Mr. Xu Xuanbin, Guohua Life Insurance Co., Ltd. (國華人壽保險股份有限公司) and Hubei Biocause Pharmaceutic al Co. Ltd. (天茂實業集團股份有限公司) are deemed to be interested in the shares held by Ningbo Zhuangxuan and Shanghai Qianyou.

(9) The general partner of each of Legend Capital Shengyuan and Legend Capital Jiayun is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is a wholly-owned subsidiary of Legend Capital Management Co. Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). The general partner of Legend Capital Yongyi is Beijing Legend Capital Tongdao Private Equity Fund Management Partnership (L.P.) (北京君聯同道私募基金管理合夥企業(有限合夥)), whose general partner is Shenzhen Legend Capital Qisheng Management Consulting Co., Ltd. (深圳君聯祺盛管理諮詢有限公司), a wholly-owned subsidiary of Legend Capital. Legend Capital is controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which is in turn held as to 40% by Mr. Chen Hao (陳浩). Therefore, Legend Capital Management Co. Ltd. and Mr. Chen Hao are deemed to be interested in the shares held by Legend Capital Shengyuan, Legend Capital Yongyi and Legend Capital Jiayun.

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a pioneer in driving the universal intelligence transformation in the AI era. Focusing on smart device and embodied intelligence as our two core application scenarios, we are adopting next-generation RISC-V computing architecture, innovating domain-specific algorithms and IP modules, and constructing efficient and open software-hardware platforms to deliver highly competitive system-level solutions for customers worldwide.

As of December 31, 2024, we have successfully commercialized over 100 system-level solutions on smart devices and embodied intelligence, serving over 100 customers worldwide and becoming the preferred choice solution providers of many leading global companies. Notably, we have been dedicated to developing and promoting next generation RISC-V computing architecture. According to Frost & Sullivan, we were China's largest provider of mass-produced RISC-V powered solutions in terms of number of solutions by 2024, and China's largest domestic provider of fully customized RISC-V powered solutions in terms of related revenue in 2024.

We provide smart device solutions to consumer electronics and AIoT companies, empowering smart home, office and portable scenarios with capabilities including, among others, multimedia processing, human-machine interaction and intelligent control, ultimately enhancing convenience of people in the AI era. According to Frost & Sullivan, we ranked first among all domestic providers of human-machine interaction solutions for smart devices in China in terms of revenue in 2024. For instance, two of our flagship solutions are the industry leading RISC-V powered smart monitor solution and RISC-V powered Mini-LED multimedia processing solution. Powered by our self-developed RISC-V cores, such solutions integrate high-speed data interfaces and advanced image processing capabilities. As a result, they deliver smoother, clearer, more energy-efficient and reliable visual experiences.

We provide embodied intelligence solutions to customers in automotive, robotics and industrial scenarios with capabilities of intelligent perception, connectivity, computing, and control. One of our notable solutions is the industry leading RISC-V powered intelligent computing system solution. Powered by 64-bit high performance RISC-V cores, this solution provides powerful and efficient AI processing capabilities, which can be potentially applied in many scenarios, such as, among others, machine vision, industrial inspection, and intelligence acceleration. We also launched a "camera-to-display" in-cabin visual solution for smart automotives. It provides a one-stop solution that integrates essential technologies from image capture to screen display, empowering smart cockpit with enhanced capabilities on, among others, visual perception, video connectivity, processing and control, and integrating human-machine interaction and power management.

In 2022, 2023 and 2024, we recorded revenue of RMB1,999.7 million, RMB1,752.2 million and RMB2,025.4 million, respectively. Furthermore, in 2022, 2023 and 2024, our gross profit amounted to RMB518.4 million, RMB270.2 million and RMB357.5 million, respectively, and our gross profit margin amounted to 25.9%, 15.4% and 17.7%, respectively. In the same years, we recorded loss for the year of RMB1,570.3 million, RMB1,837.5 million and RMB1,547.4 million and adjusted net loss (Non-IFRS measure) of RMB1,263.0 million, RMB1,704.7 million and RMB1,440.0 million. The fluctuations of our financial performance during the Track Record Period was primarily attributable to macroeconomic conditions and market dynamics that affects the demand and pricing of our solutions.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information and estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 2 of the Accountants' Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

Our business and results of operations can be affected by general factors concerning the development of the industry in which we operate, which include:

- Economic growth and per capital disposable income;
- The rapid development and overall demand in the consumer electronics and AI sectors;
- The flourishing ecosystem of the RISC-V architecture;
- Price of raw materials;
- Relevant laws and regulations, governmental policies and initiatives; and
- Occurrence of force majeure events, outbreak of pandemic or epidemics, acts of war, social and economic chaos and natural disasters.

Company-Specific Factors

Ability to Launch Advanced and Customized Solutions and Technologies

Our ability to launch advanced and customized solutions is fundamental to our business success. We rely on continuous upgrades and innovations to ensure that our solutions remain competitive and aligned with evolving customer needs. Maintaining technological leadership requires us to focus on developing cutting-edge solutions while addressing market demand for high-performance and customization. By introducing advanced and customized solutions, we strengthen our market position and enhance customer satisfaction, which directly contributes to our revenue growth and financial performance.

As of December 31, 2024, we offered smart device solutions and embodied intelligence solutions to integrally perform key functions including intelligent perception, intelligent connectivity, intelligent control, multimedia processing, human-machine interaction and intelligent computing. With a high degree of customization flexibility, we provide one-stop system-level solutions from initial conception to mass production and order fulfillment, tailored to the specific requirements of our customers' needs. Fueled by our powerful and cutting-edge technology, in particular our RISC-V architecture, we are continuously upgrading and iterating our solutions to meet the evolving diverse needs of our customers.

We expect to continue to upgrade our existing solutions and introduce new solutions to stay competitive. Furthermore, we need to focus on upgrading our existing technologies and develop next generation efficient and cost-effective solutions to satisfy evolving needs and preferences of customers during the rapidly changing AI era. Moreover, with continuous innovations of technologies, we can better help our customers smoothly and efficiently implement, operate and upgrade our solutions into their products. Our ability to bring more value to our customers through continued technology innovations and solution upgrades affects our customers' decisions to choose us, which in turn affects our results of operations and financial condition.

Ability to leverage existing technology, customer and supply chain

Our success benefits from our ability to leverage our Trilogy of Reusability — Technology, Customer and Supply Chain. By using strategies that effectively match our existing technology and supply chain capabilities with demands of our customers, we can iterate functions of our solutions faster and more efficiently, shorten time to market and extend to more potential application scenarios.

- **Technology**. Designing new customized solutions based on existing technology can significantly reduce our research and development expenses, improve research and development efficiency and expedite the solution launch time. Specifically, we design our solutions based on modular design philosophy. Utilizing diversified combinations of existing function modules, we can efficiently tailor to different customers' needs and application scenarios, which saves significant financial resources and accelerate the launch time of our solutions.

- **Customer**. We actively explore potential demands across multiple solution lines within the same customer base to cross-sell and upsell of existing and new solutions. Through in-depth understanding of our customer needs owing to the established relationships with customers, we significantly reduce customer acquisition costs. This approach enhances collaborative revenue across different solution lines and strengthens customer loyalty.

- **Supply Chain**. By integrating supplier resources and maximizing supply chain synergies, we aim to strengthen our solution competitiveness, ensure reliable supply capacity, and foster an efficient and stable supply chain ecosystem. This also creates more opportunities for our suppliers to work with us and collaborate across different solutions, even in changing market conditions. This way, we can cultivate a loyal supplier base who are willing to grow with us. Such strong support from our suppliers further enhances our solution competitiveness, ensures supply consistency, and reduces our procurement costs.

As we continue to scale up our business, we expect to continue to leverage our existing technology, customer relationships and supply chain resources, which is expected to impact our results of operations and financial conditions.

Ability to Attract New Customers and Deepen Relations with Our Existing Customers

Our ability to attract new customers affects our business scale, results of operations and financial condition. To acquire new customers, we invest significant efforts and resources from the time of our initial contact with a customer until the point when such customer chooses our solutions for incorporation into one or more of its specific products. Our ability to sustain and expand these efforts plays a critical role in growing our customer base, which is expected to impact our business scale, results of operations and financial condition.

Maintaining and deepening our collaboration with existing customers is critical to our business success as well. By deepening such relationship, we can effectively deploy our existing solutions and new solutions among existing customers, enhancing our cross-selling and upselling capabilities to facilitate our business and financial performance. Our sustainable partnerships with key customers are expected to enhance our deep understanding of industry development trends. By maintaining sustainable partnerships with key customers, we gain valuable insights into industry trends and deliver customized solutions that meet their evolving needs. Retaining and expanding these customer relationships directly affects our results of operations and financial condition.

Our Business Mix

Revenue mix from different types of revenue sources affects our profitability. For instance, due to the nature of the cost structure, our gross profit margin of license and services is much higher than that of sales of solutions. As a result, the change in revenue mix of our sale of solutions and license and services would affect our results of operations and financial condition. In addition, within sales of solutions, during the Track Record Period, our gross profit margin of smart device solutions is higher than that of embodied intelligence solutions, primarily attributable to a one-off write-down of inventories in response to macroeconomic conditions and market dynamics that has a disproportionate effect on the cost of sales for embodied intelligence solutions. As such, any failure to improve the gross profit margin of our low-margin solutions offerings or any failure in our ability to develop next-generation solutions that meet market demands would also affect our financial performance.

Ability to Optimize Cost Structure and Improve Operational Efficiency

While we value and encourage spending on innovation, our ability to achieve and maintain profitability is dependent in part on our ability to control costs. During the Track Record Period, our cost of sales primarily consisted of material costs. Our ability to effectively control such costs as we expand our operations has affected and will continue to affect our financial results. We aim to deepen our collaborations with suppliers to enhance the stability and affordability of supply and optimize our cost structure.

In addition, our operating efficiency is affected by our ability to control operating expenses. Research and development expenses were the largest component of our operating expenses during the Track Record Period. Our ability to ensure research and development efficiency and maintain research and development expenses at a reasonable level comparable to our revenue scale is critical to our results of operations and financial condition. In addition, controlling administrative expenses and selling and distribution expenses is also important to our success. As we further increase our revenue, we expect to benefit from economies of scale and further improve our operational efficiency.

Ability to Manage Supply Chain and Strategic Partnership

We have established long-term partnerships with leading global suppliers, enabling us to secure stable and high-quality materials and components. Through collaborative initiatives such as shared industry insights and co-development programs, we drive upstream advancements in material performance, solution development processes, and technological innovation. These partnerships not only enhance our ability to meet customer demands but also position us to adapt efficiently to market changes. Our ability to maintain and expand these strategic collaborations with suppliers significantly impacts our solution delivery capacity, cost structure, and overall financial performance.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our solutions in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and fourth quarters throughout the year. Such fluctuations are seasonal in nature and you are cautioned not to place undue reliance of them as indicators for our results of operations for the full year.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates as well as complex judgments related to accounting items. The estimates we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 3 to the Accountants' Report included in Appendix I to this Document.

Revenue and Other Income

Income is classified by us as revenue when it arises from the sale of goods or the provision of services in the ordinary course of our business.

Further details of our revenue and other income recognition policies are as follows:

Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from sales of smart device solutions and embodied intelligence solutions

Our sales contracts/orders with customers typically contain various trade terms. Depending on different trade terms, control of goods is generally transferred to customers either upon delivery and acceptance of goods, or when received by carriers, at which point we recognize revenue.

Revenue from rendering of services

Revenue is recognized when the customer takes possession of and accepts the services.

Revenue from other sources and other income

Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the asset by way of being recognized in other income.

Translation of Foreign Currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Contract Liabilities

A contract liability is recognized when the customer pays non-refundable consideration before we recognize the related revenue. A contract liability is also recognized if we have an unconditional right to receive non-refundable consideration before we recognize the related revenue. In such latter cases, a corresponding receivable is also recognized.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Trade and Other Receivables

A receivable is recognized when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses.

Employee Benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Share-based payments

We operate share incentive plans, under which it receives services from eligible participants as consideration for equity instruments of us. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense with a corresponding increase in share-based payments reserve in equity.

Share options

The total amount to be expensed under share option scheme is determined by reference to the fair value of the options granted using option-pricing models.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The equity amount is recognized in the share-based payment reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of our cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows.

Property, Plant and Equipment

Property, plant and equipment including right-of-use assets arising from leases of underlying plant and equipment, are stated at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful lives
Machinery equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	The shorter of the unexpired term of lease and estimated useful lives

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Intangible Assets (Other Than Goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including non-proprietary technology, that are acquired by our Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful life for non-proprietary technology, licensing rights and software were decided with reference to the shortest period among the expected service life and the expected beneficial life. The estimated useful lives are as follows:

Category	Estimated useful lives
Non-proprietary technology	3-5 years
Software	3-10 years
Licensing rights	2-10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Material Estimates and Judgment

Impairment of Non-Current Assets Other Than Financial Assets

If circumstances indicate that the carrying amount of a non-current asset other than financial assets may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in accordance with accounting policy for impairment of non-current assets as described. These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. We use all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure the inventory is shown at the lower of cost and net realizable value.

Useful Life of Intangible Assets and Property, Plant and Equipment

Intangible assets are amortized and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

Share-Based Compensation Arrangement and Its Fair Value Measurement

We measure the cost of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The determination of the fair value of the share-based payments is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price and risk free interest rate.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We had achieved business growth but were loss-making during the Track Record Period. In 2022, 2023 and 2024, we incurred losses for the year of RMB1,570.3 million, RMB1,837.5 million and RMB1,547.4 million, respectively, and adjusted net loss (Non-IFRS measure) of RMB1,263.0 million, RMB1,704.7 million and RMB1,440.0 million, respectively. The increase in loss from 2022 to 2023 was mainly due to (i) a decrease in revenue from sale of solutions resulting from changing macroeconomic conditions and market dynamics that lead to weaker downstream demands for our solutions as well as our price-for-volume market strategy to gain more market share, and (ii) an increase in cost of sales due to an increase in write-down of inventories as market condition deteriorated and the corresponding inventory turnover days increased. For details, see "— Discussion of Results of Operations."

Reasons for Historical Loss

As a key player in the smart device and embodied intelligence solution industries, our growth trajectory aligns closely with the industries' development and expansion. However, the smart device and embodied intelligence solution industries are characterized by significant upfront investments and long product development cycles, which posed challenges to achieving profitability during our early years of operation. We incurred net losses during the Track Record Period, primarily attributable to the following reasons:

- *Substantial upfront investment in research and development required.* As an innovation-driven company, we have maintained a strong focus on research and development to ensure that our solutions remain at the forefront of technological advancements and to reinforce our presence and competitiveness in the smart device and embodied intelligence solution industries. During the Track Record Period, we heavily invested in developing RISC-V cores tailored for our solution offerings as well as advanced processing hardware and software design capabilities, purchasing cutting-edge equipment, and building a highly skilled workforce to meet the stringent requirements of our customers. These investments were essential to ensure that we could deliver high-performance solutions that align with the latest technological standards. Our research and development expenses amounted to RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million in 2022, 2023 and 2024, respectively, representing 72.0%, 82.5% and 66.0% of our revenue during the same years. These expenses were primarily incurred to design and develop new solutions and enhance the performance of existing ones to meet the evolving needs of our customers. While these research and development efforts are critical to our long-term growth and competitiveness, they have not yet fully translated into revenue, contributing to our net losses during the Track Record Period.

- *Economies of scale are still materializing.* We have achieved substantial growth during the Track Record Period and ranked the first among all domestic providers of smart device human-machine interaction solutions in China, with a market share of 5.7% in smart device human-machine interaction solution industry in 2024. We also ranked the first among all domestic providers of fully customized RISC-V powered solutions in China in terms of the related revenue in 2024. Leveraging our open and collaborative RISAA Platform that is expected to generate synergies along the whole industry chain, we believe we can better reuse our existing technologies, customer base and supply chain resources to generate economies of scale and propel our growth. Our operating expenses, defined as the sum of research and development expenses, administrative expenses and selling and distribution expenses, as a percentage of total revenue increased from approximately 105.3% in 2022 to 123.5% in 2023, and decreased to 97.9% in 2024. Despite such positive movements, technology development and market penetration in the smart device and embodied intelligence solution industries can take time. While economies of scale can offer significant cost advantages, realizing such benefit is a gradual process, particularly for us who incur substantial upfront investment and operate in a dynamic and rapidly evolving industry.

- *Financial performance fluctuations influenced by market dynamics.* Our revenue decreased by RMB247.5 million, or 12.4%, from RMB1,999.7 million in 2022 to RMB1,752.2 million in 2023, and increased by RMB273.2 million, or 15.6%, to RMB2,025.4 million in 2024. Our gross profit decreased from RMB518.4 million in 2022 to RMB270.2 million in 2023, and increased to RMB357.5 million in 2024. Our gross profit margin decreased from 25.9% in 2022 to 15.4% in 2023, and further increased to 17.7% in 2024. The fluctuations in revenue and gross profit margin were impacted by various market dynamics and the impairment provision of inventories during the Track Record Period. Our revenue and gross profit margin fluctuated in 2023 primarily as a result of weaker market demand as a result of fluctuating macroeconomic conditions and market dynamics, which, in turn, results in our strategic price-for-volume market strategy to gain more market share. Our revenue and gross profit margin subsequently improved in 2024, primarily attributable to improved economic conditions and introduction of new mass-produced solutions in 2024. As a result, gross profit margin of our smart device solutions and embodied intelligence solutions fluctuated during the Track Record Period, and the competitive landscape in China compelled us to keep our prices competitive to maintain our market share during the respective years.

- *Changes in cost of sales and operating expenses.* In 2022, 2023 and 2024, our cost of sales amounted to RMB1,481.3 million, RMB1,482.0 million and RMB1,667.8 million, respectively. The rising cost of sales was in part, due to the expansion of our business scale that leads to a corresponding increase in procurement. In addition, the change in cost of sales was also due to changes in impairment provision made for inventories. Concurrently, we also witnessed changes in operating expenses, including expenses related to selling, administrative and research and development activities. For instance, our administrative expenses increased from RMB467.7 million in 2022 to RMB552.9 million in 2023, primarily attributable to an increase in severance payments to departing employees recorded as administrative expenses. Our research and development expenses amounted to RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million in 2022, 2023 and 2024, respectively, primarily attributable to our continued investment in design and development of high-quality and customized solutions to meet the evolving needs of our customers. These R&D expenses have yet to be fully translated in revenue but are expected to contribute in the future as they reach commercialization and are essential for our future growth and competitiveness.

Path to Profitability

We are strategically navigating the path to profitability by leveraging a comprehensive approach aimed at expanding revenue scale, improving margin profiles, and optimizing operational efficiency. Our ultimate goal is to create a scalable business model that supports sustainable growth and profitability while reinforcing our leadership position in the smart device and embodied intelligence solution industry. Below, we outline the specific measures we have implemented and plan to pursue.

Expanding Our Revenue Scale

During the Track Record Period, our revenue amounted to RMB1,999.7 million, RMB1,752.2 million and RMB2,025.4 million in 2022, 2023 and 2024, respectively. We expect that our revenue will grow further due to the following factors:

- *Deepening relationship with existing customers and further expanding customer base.* Strengthening our relationships with existing customers is a cornerstone of our revenue growth strategy. By capitalizing on established relationships, we can efficiently introduce different or new solutions to our loyal customer base, driving revenue growth while avoiding the high expenses and time required to attract new customers. Additionally, as these solutions are implemented across multiple solution lines of the same customer, our customers benefit from increased standardization and improved implementation efficiency, which streamlines production, reduces development costs, and improves operational efficiency. This approach not only strengthens customer loyalty but also creates a scalable business model that maximizes resources and drives long-term profitability. In particular, we have established a close partnership with Customer A since our establishment and our revenue derived from Customer A remained relatively stable at RMB1,577.9 million, RMB1,437.9 million and RMB1,555.2 million in 2022, 2023 and 2024, respectively. Strong support and expanded collaborations from Customer A form strong foundation for our future profit expansion. Simultaneously, we are expanding our customer base by penetrating new markets and industries. This involves targeted marketing campaigns and strategic partnerships to reach more targeted customer segments and establish a broader market presence. In 2022, 2023 and 2024, we have served 75, 75 and 113 customers, respectively, among which 50, 32 and 62 are our new customers, respectively.

- *Expand and diversify our solution offerings.* We are committed to drive volume growths through advancing research and development to enhance the capabilities of our system level solutions to provide more diverse solution portfolio. We intend to prioritize improving the versatility and adaptability of solutions by targeting high-impact application scenarios and fostering ecosystem compatibility. Designing solutions tailored to critical scenarios — such as smart automotive, industry intelligence and human-machine interaction — is expected to enhance our recognitions, diversify our revenue stream and expand market penetration. In 2022, 2023 and 2024, we have launched the mass production of over 40, 60 and 100 types of smart device and embodied intelligence solutions, respectively. By demonstrating value in critical application scenarios, we can drive broader adoption of our solutions across various industries, further improving volume growths and increasing our revenue.

- *Leverage industry tailwind and ecosystem synergies.* The rapid growth of the AI smart devices and embodied intelligence, combined with the flourishing RISC-V ecosystem and increasing demand of downstream applications, provides strong industry tailwinds. As a key player in this emerging sector, we are well-positioned to benefit from these tailwinds. Additionally, by leveraging synergies brought by our RISAA Platform, we are creating value through collaborations with upstream and downstream partners, including suppliers, customers and various eco-system participants of our RISAA Platform, to strengthen our competitive advantage and enhance our product and service offerings. These factors position us to capitalize on the growing demand for innovative solutions across industries and drive revenue growth. According to Frost & Sullivan, the market size of the global RISC-V powered smart device solution market surged from RMB0.7 billion in 2020 to RMB19.3 billion in 2024 with a CAGR of 125.3%, and is projected to reach RMB213.7 billion by 2029 with a CAGR 41.9% from 2025 to 2029. Moreover, the global market size of the RISC-V powered embodied intelligence solution market grew from RMB0.4 billion in 2020 to RMB18.8 billion in 2024 with a CAGR of 165.6%, and is anticipated to grow from RMB31.9 billion in 2025 to RMB153.3 billion in 2029 with a CAGR of 48.1%. For details, see "Industry Overview — Analysis of Smart Device Solution Industry — Market Size of Global RISC-V Powered Smart Device Solution Market" and "Industry Overview — Analysis of Embodied Intelligence Solution Industry — Market Size of China's RISC-V Powered Embodied Intelligence Solution Market". All these positive developments present substantial opportunities for RISC-V market penetration and revenue growth. Our strategic focus on research and development over RISC-V powered solutions align with these trends, and is expected to translate our past research and development investments into revenue growth opportunities.

Improving Our Gross Margin Profile

Our future profitability depends on our ability to increase the current level of margin profile and introduce new solutions with high margin profile. Our gross profit margin amounted to 25.9%, 15.4% and 17.7% in 2022, 2023 and 2024, respectively, which primarily attributable to lower pricing and write-down of inventories made in connection with prolonged inventory turnover days due to macroeconomic factors. We expect to increase our gross margin profile by implementing the following:

- *Optimizing cost of sales and realizing economies of scale.*

  - *Technology reuse*: Cost reduction is a critical component of our strategy to realize healthy margins. By reusing and iterating our existing technologies, we have cultivated a seasoned R&D team with the expertise to design solution with fewer raw materials without compromising functionality, ultimately reducing our procurement costs. Moreover, repurposing internally developed IP modules reduce our reliance on external IP modules, further saving licensing costs.

  - *Supply chain optimization*: To rationalize cost of sales and improve cost efficiency, we have implemented a series of strategic supply chain optimization measures by collaborating closely with suppliers to secure cost-effective raw materials without compromising quality, leveraging bulk purchasing agreements and long-term partnerships to stabilize pricing. By consolidating our supplier base and adopting just-in-time inventory practices, we have reduced unnecessary procurement costs and improved supply chain efficiency. These measures collectively enable us to better manage cost of sales, maintain competitive pricing, and enhance overall profitability. We believe, long-term supplier partnerships and bulk purchasing strategies will enhance our bargaining power, resulting in reduced raw material costs, particularly for critical inventories.

- *Business mix optimization.* Increasing the proportion of high-margin, high-value-added products, such as certain of our smart device and embodied intelligence solutions focusing on the multimedia processing, intelligent connectivity and intelligent computing as well as other emerging application scenarios in the AI era, in our solution portfolio will enhance our gross margin. For example, we are developing embodied intelligence solutions addressing emerging demands of AI era. The gross profit margins of such solutions, especially certain solutions we launched and expected to be mass produced in 2025 performing certain new generation intelligent control functions for automotive and industrial scenarios, are expected to be higher than our existing embodied intelligence solutions. Moreover, certain of our smart device solutions performing multimedia processing and human-machine interaction functions generate higher gross profit margins than other types of smart device solutions and expected increasing revenue contribution from such solutions will also drive margin growth. These advanced solutions will enable us to meet market demand while enhancing revenue from high-end product offerings. Accelerating the commercialization of new solutions and new application scenarios with high margins will also contribute to this goal. As we continue to expand our portfolio of high-margin solutions, we expect this trend to further support our long-term financial performance.

Optimizing Operating Expenses

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, administrative expenses and selling and marketing expenses, to develop, manage and promote our system level solutions. In the future, we will continue optimizing our research and development as well as sales and administrative functions to support our long-term business growth.

- *Research and development expenses.* During the Track Record Period, we allocated significant resources on research and development, focusing on possessing comprehensive research and development capabilities to support the development of technology foundations underlying our smart device solutions and embodied intelligence solutions. Our research and development expenses were RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million in 2022, 2023 and 2024, respectively. We believe our current resources allocation strategy for research and development has already brought enormous benefits. For instance, we have been focused on research and development of foundational technologies relating to our RISAA Platform and have amassed a large number of IP modules as well as hardware and software know-hows, which can be easily reused in multiple application scenarios, helping us form a scalable business that can drive our long-term growth. Our research and development expenses as a percentage of total revenue were 72.0%, 82.5% and 66.0% in 2022, 2023 and 2024, respectively. To optimize our research and development expenses, we plan to (i) reuse existing technologies across multiple solutions, which minimizes additional research and development expenses, improves R&D efficiency and accelerate our time to market for new products, (ii) optimize staff costs by improving workforce structures and enhancing workforce efficiency and (iii) focus on repurposing internally developed IP modules, software, hardware and platform across multiple applications. Our research and development expenses will remain a substantial portion of our operating expenses to support our business expansion in the future.

- *Administrative expenses.* Our administrative expenses amounted to RMB467.7 million, RMB552.9 million and RMB501.6 million in 2022, 2023 and 2024, respectively. Our administrative expenses as a percentage of total revenue were 23.4%, 31.6% and 24.8% in 2022, 2023 and 2024, respectively. The fluctuations in our administrative expenses were primarily attributable to optimization of our employment structure to streamline our operations. We will continue to actively monitor our administrative expenses and promote operational efficiency.

- *Selling and distribution expenses.* Our selling and distribution expenses amounted to RMB198.5 million, RMB167.0 million and RMB144.0 million in 2022, 2023 and 2024, respectively. Our selling and distribution expenses as a percentage of total revenue were 9.9%, 9.5% and 7.1% in 2022, 2023 and 2024, respectively. The fluctuations in our selling and distribution expenses were primarily attributable to the decrease in staff costs due to optimization incentive payments in accordance with our compensation policies. We plan to reduce customer acquisition costs by leveraging existing customer relationships. Our ability to cross-sell and reuse customer resources will help us optimize selling and distribution expenses as a percentage of revenue. Going forward, we will further leverage our established strong direct relationships and strong channels of communication with our customers in order to win additional contracts.

Based on the foregoing, our Directors believe that our business is sustainable.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years indicated, derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants' Report included in Appendix I to this Document. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Revenue	**1,999,718**	**1,752,185**	**2,025,379**
Cost of sales	(1,481,337)	(1,481,957)	(1,667,839)
Gross profit	**518,381**	**270,228**	**357,540**
Selling and distribution expenses	(198,499)	(166,952)	(143,956)
Administrative expenses	(467,668)	(552,903)	(501,551)
Research and development expenses	(1,440,202)	(1,444,738)	(1,336,952)
Other net income	186,534	147,156	178,022
Impairment losses under expected credit loss model, net of reversal	(3,236)	(804)	(2,455)
Impairment loss on goodwill	(23,009)	(72,089)	(56,571)
Impairment loss on property, plant and equipment	–	(3,578)	(21,977)
Loss from operations	**(1,427,699)**	**(1,823,680)**	**(1,527,900)**
Finance costs	(20,464)	(22,596)	(19,508)
Change in carrying amount of redemption liabilities	(124,228)	–	–

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Share of profits less losses of associates	(1,065)	5,572	(415)
Loss before taxation	**(1,573,456)**	**(1,840,704)**	**(1,547,823)**
Income tax credit	3,180	3,240	468
Loss for the year	**(1,570,276)**	**(1,837,464)**	**(1,547,355)**

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRS Accounting Standards, we use adjusted net loss (Non-IFRS measure) as an additional financial measure, which are not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net loss (Non-IFRS measure) as loss for the years adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, and (ii) change in carrying amount of redemption reliabilities, which is non-cash items. We believe that this Non-IFRS measure facilitates the comparisons of operating performance and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of this Non-IFRS measure for the years may not be comparable to similarly titled measures presented by other companies. The use of this Non-IFRS measure has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile the Non-IFRS measure for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Loss for the year	(1,570,276)	(1,837,464)	(1,547,355)
Add back:			
Equity-settled share-based payment expenses[1]	183,064	132,781	107,362
Change in carrying amount of redemption liabilities[2]	124,228	–	–
Adjusted net loss (Non-IFRS measure)	**(1,262,984)**	**(1,704,683)**	**(1,439,993)**

Notes:

(1) Equity-settled share-based payment expenses relate to share awards we offered to our employees and directors.

(2) Change in carrying amount of redemption liabilities arises primarily from an increase in the redemption amount of the shares with preferential rights held by certain [**REDACTED**], which was terminated in 2022. Hence, the redemption liabilities were reclassified to equity thereafter.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Revenue by Type

We have an open and flexible business model whereby we either (i) sell high-quality system level solutions to customers or (ii) license our technologies, know-hows and provision of certain services. We record revenue primarily from sale of our solutions and/or providing license and related services to our customers.

The following table sets forth a breakdown of our revenue by type during the years indicated, both in absolute amounts and as percentages of total revenue.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Sale of solutions						
Smart device solutions	1,760,989	88.1	1,635,553	93.3	1,791,636	88.5
Embodied intelligence solutions	193,795	9.7	65,858	3.8	188,698	9.3
Sub-total	1,954,784	97.8	1,701,411	97.1	1,980,334	97.8
License and services	44,934	2.2	50,774	2.9	45,045	2.2
Total Revenue	**1,999,718**	**100.0**	**1,752,185**	**100.0**	**2,025,379**	**100.0**

Sale of Solutions

Our revenue is primarily derived from sales of solutions. During the Track Record Period, revenue generated from sale of solutions amounted to RMB1,954.8 million, RMB1,701.4 million and RMB1,980.3 million in 2022, 2023 and 2024, respectively, accounting for 97.8%, 97.1% and 97.8% of our total revenue for the same years, respectively. The fluctuations of our revenue from sale of solutions were attributable to the combined effect of (i) our price-for-volume market strategy to gain more market share driven by macroeconomic factors and dynamic market conditions and (ii) the development cycle and launch time of our various newly mass-produced solutions. For details, see "— Discussion of Results of Operations."

Our revenue derived from sales of smart device solutions amounted to RMB1,761.0 million, RMB1,635.6 million and RMB1,791.6 million in 2022, 2023 and 2024, respectively, accounting for 88.1%, 93.3% and 88.5% of our total revenue for the same years, respectively. The fluctuations of our revenue from smart device solutions were primarily attributable to (i) the changes in downstream demand driven by macroeconomic factors, (ii) our price-for-volume market strategy to gain more market share driven by macroeconomic factors and dynamic market conditions, and (iii) our enhanced ability to enrich our solution portfolio to cater to our customer's need in more diversified application scenarios.

Our revenue derived from sales of embodied intelligence solutions amounted to RMB193.8 million, RMB65.9 million and RMB188.7 million in 2022, 2023 and 2024, respectively, accounting for 9.7%, 3.8% and 9.3% of our total revenue for the same years, respectively. The fluctuations of our revenue from embodied intelligence solutions were primarily attributable to (i) the adjustments of our solution portfolio and (ii) the changes in downstream demand driven by macroeconomic factors.

License and Services

We generate revenue from (i) licensing proprietary IP modules, including but not limited to RISC-V cores, to customers for licensing fee, enabling them to develop their own processing hardware tailored for their own products or (ii) providing technical services to our customers for a fee, helping our customers achieve specific functions relating to their own products.

During the Track Record Period, revenue generated from license and services amounted to RMB44.9 million, RMB50.8 million and RMB45.0 million in 2022, 2023 and 2024, respectively, accounting for 2.2%, 2.9% and 2.2% of our total revenue for years, respectively. Our revenue from license and services fluctuated from year to year, driven in part by actual demands from our customers.

Cost of Sales

The following table sets forth a breakdown of our cost of sales, both in absolute amounts and as percentages of total cost of sales by type during the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Sale of solutions						
Smart device solutions	1,312,728	88.6	1,306,956	88.2	1,467,850	88.1
Embodied intelligence solutions	163,371	11.0	168,051	11.3	185,956	11.1
Sub-total	1,476,099	99.6	1,475,007	99.5	1,653,806	99.2
License and services	5,238	0.4	6,950	0.5	14,033	0.8
Total Cost of Sales	**1,481,337**	**100.0**	**1,481,957**	**100.0**	**1,667,839**	**100.0**

In 2022, 2023 and 2024, our cost of sales was RMB1,481.3 million, RMB1,482.0 million and RMB1,667.8 million, respectively. Our cost of sales is generally in line with our revenue growth, except for an increase in cost of sales in 2023 attributable to longer turnovers of inventories that lead to a one-off increase in write-down of inventories.

Our cost of sales related to sale of solutions amounted to RMB1,476.1 million, RMB1,475.0 million and RMB1,653.8 million in 2022, 2023 and 2024, respectively, accounting for 99.6%, 99.5% and 99.2% of our total cost of sales for the same years, respectively. The cost of sales of smart device solutions remained the majority of our cost of sales of sale of solutions, amounting to RMB1,312.7 million, RMB1,307.0 million and RMB1,467.9 million in 2022, 2023 and 2024, respectively.

Our cost of sales of license and services amounted to RMB5.2 million, RMB7.0 million and RMB14.0 million, in 2022, 2023 and 2024, respectively, accounting for 0.4%, 0.5% and 0.8% of our total cost of sales for the same years, respectively. The increase in cost of sales of license and services during the Track Record Period was primarily attributable to increased percentage revenue contribution of services, which demands higher staff costs.

The following table sets forth a breakdown of our cost of sales, both in absolute amounts and as percentages of total cost of sales by nature during the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Material costs	1,278,930	86.3	1,132,671	76.4	1,292,537	77.5
Packaging and testing costs	135,502	9.1	134,919	9.1	229,068	13.7
Write-down of inventories	20,141	1.4	180,719	12.2	101,866	6.1
Others	46,764	3.2	33,648	2.3	44,368	2.7
Total Cost of Sales	**1,481,337**	**100.0**	**1,481,957**	**100.0**	**1,667,839**	**100.0**

In terms of cost of sales by nature, material costs were our largest cost component. Our material costs as a percentage of total cost of sales decreased from 86.3% in 2022 to 76.4% in 2023, and further increased to 77.5% in 2024. We also recorded significant write-down of inventories during the Track Record Period, primary because the changing market dynamics during the Track Record Period led to one-off write-down of certain inventories in 2023 of embodied intelligence solution related to certain earlier generation of intelligent connectivity function due to its accumulation and extended turnover days. Consequently, we prudently made write-down of inventories in accordance with applicable accounting policies though we have witnessed and reasonably believe such inventories have resell value post the Track Record Period.

Gross Profit and Gross Profit Margin

Gross profit is equal to our revenue less cost of sales. Our gross profit as a percentage of our revenue is our gross profit margin. Our gross profit was RMB518.4 million, RMB270.2 million and RMB357.5 million in 2022, 2023 and 2024, respectively. Our gross profit margin was 25.9%, 15.4% and 17.7% in 2022, 2023 and 2024, respectively. The fluctuations in our gross profit and gross profit margin were primarily attributable to (i) our price-for-volume market strategy to gain more market share in light of fluctuating market conditions in 2023 and 2024; (ii) the increase of one-off write-down of inventory for embodied intelligence solution related to certain earlier generation of intelligent connectivity function due to its accumulation and extended inventory turnover days driven by macroeconomic factors and weaker demand during the Track Record Period, particularly in 2023; (iii) the market rebound and evolving macroeconomic conditions in 2024; and (iv) the optimization of our solution portfolio in 2023 and 2024.

The following table sets forth our gross profit and gross profit margin by type for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Sale of solutions						
Smart device solutions	448,261	25.5	328,597	20.1	323,786	18.1
Embodied intelligence solutions	30,424	15.7	(102,193)	(155.2)	2,742	1.5
Sub-total	478,685	24.5	226,404	13.3	326,528	16.5
Licenses and Services	39,696	88.3	43,824	86.3	31,012	68.8
Total	**518,381**	**25.9**	**270,228**	**15.4**	**357,540**	**17.7**

The relatively low margin profile for embodied intelligence solutions was primarily attributable to write-down provided for embodied intelligence solution related to certain earlier generation of intelligent connectivity function in the amount of RMB11.7 million, RMB102.5 million and RMB3.8 million in 2022, 2023 and 2024, respectively, which has a disproportional impact on the margin profile of our embodied intelligence solutions, especially in 2023.

Our gross profit and gross profit margin have been and will continue to be affected by various factors, including our revenue mix of sale of solutions and license and services, as well as smart device solutions and embodied intelligence solutions, our pricing policies, cost of materials and employment expenses, among other factors.

Research and Development Expenses

Research and development expenses consist of (i) staff costs, including salaries, share-based payments, benefits and bonuses to research and development personnel; (ii) consumables and materials used; (iii) amortization and depreciation of assets utilized in research and development activities; and (iv) others. The following table sets forth a breakdown of our research and development expenses during the years indicated, both in absolute amounts and as percentages of total research and development expenses.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Research and development expenses						
Staff costs	996,628	69.2	890,769	61.7	798,643	59.7
Consumables and materials used	82,946	5.8	117,668	8.1	140,342	10.5
Amortization and depreciation	304,214	21.1	400,242	27.7	362,999	27.2
Others	56,414	3.9	36,059	2.5	34,968	2.6
Total research and development expenses	**1,440,202**	**100.0**	**1,444,738**	**100.0**	**1,336,952**	**100.0**

In 2022, 2023 and 2024, we incurred research and development expenses of RMB1,440.2 million, RMB1,444.7 million and RMB1,337.0 million, respectively. Staff costs remained the single largest component of our research and development expenses during the Track Record Period, accounting for 69.2%, 61.7% and 59.7% of total research and development expenses in 2022, 2023 and 2024, respectively.

We believe that continuous investment in research and development is crucial to our future growth. We will continue to invest in research and development, including recruiting more technology talents, acquiring necessary licenses, facilities and equipment, extending application scenarios of our powerful solutions, and developing new solutions with better performance in line with our customers' evolving needs and higher energy efficiency to support our future development. However, as we continue to increase our revenue scale and optimize our management and efficiency of expense utilization to achieve profitability, we expect our research and development expenses as a percentage of our total revenue to decrease in the following few years.

Administrative Expenses

Our administrative expenses consist of (i) staff costs, including salaries, share-based payments, benefits, bonuses to administrative personnel; (ii) professional service fees relating to legal, finance and tax and other related matters; (iii) amortization and depreciation of assets relating to administrative activities; (iv) business travel and office expenses relating to administrative activities; (v) tax and surcharges; and (vi) others. The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of total administrative expenses for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Administrative expenses						
Staff costs	298,954	64.0	400,205	72.4	366,313	73.1
Professional service fees	45,173	9.7	24,686	4.5	11,706	2.3
Amortization and depreciation	60,794	13.0	61,340	11.1	60,559	12.1
Business travel and office expenses	36,611	7.8	49,758	9.0	41,537	8.3
Tax and surcharges	3,502	0.7	3,571	0.6	4,680	0.9
Others	22,634	4.8	13,343	2.4	16,756	3.3
Total administrative expenses	**467,668**	**100.0**	**552,903**	**100.0**	**501,551**	**100.0**

In 2022, 2023 and 2024, we incurred administrative expenses of RMB467.7 million, RMB552.9 million and RMB501.6 million, respectively. Staff costs remained the single largest component of our administrative expenses during the Track Record Period, accounting for 64.0%, 72.4% and 73.1% of total administrative expenses in 2022, 2023 and 2024, respectively.

As our revenue continues to grow and we are seeking to adjust and optimize our compensation plan for our employees as well as enhance our management of expenses to achieve profitability, we expect that our administrative expenses as a percentage of total revenue to decrease in the long term as we improve our operational efficiency and benefit from economies of scale.

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) staff costs, including salaries, share-based payments, benefits, bonuses of selling and distribution personnel; (ii) professional service fees relating to services provided by vendors for selling and distribution activities; (iii) amortization and depreciation of assets relating to selling and distribution activities; (iv) business travel expenses; and (v) others. The following table sets forth a breakdown of our selling and distribution expenses for the years indicated, both in absolute amounts and as percentages of total selling and marketing expenses.

	For the Year Ended December 31,					
	2022		**2023**		**2024**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Selling and distribution expenses						
Staff costs	160,637	80.9	132,030	79.1	116,509	80.9
Professional service fees	21,240	10.7	5,826	3.5	4,267	3.0
Amortization and depreciation	3,220	1.6	2,694	1.6	2,426	1.7
Business travel expenses	6,459	3.3	11,525	6.9	12,438	8.6
Others	6,943	3.5	14,877	8.9	8,316	5.8
Total selling and distribution expenses	**198,499**	**100.0**	**166,952**	**100.0**	**143,956**	**100.0**

In 2022, 2023 and 2024, we incurred selling and distribution expenses of RMB198.5 million, RMB167.0 million and RMB144.0 million, respectively. During the Track Record Period, staff costs were the single largest component of our selling and distribution expenses in 2022, 2023 and 2024, accounting for 80.9%, 79.1% and 80.9% of total selling and distribution expenses in 2022, 2023 and 2024, respectively.

We plan to continue to spend on selling and distribution to promote our brand, maintain and deepen our relationships with our existing customers as well as attract new customers. We expect that our selling and distribution expenses as a percentage of total revenue to decrease in the long term as we benefit from our enhanced brand awareness, established customer base and economies of scale.

Other Net Income

Our other net income primarily represents (i) government grants, mainly presenting government subsidies provided to encourage R&D activities; (ii) interest income; (iii) investment income from time deposits with banks; (iv) investment income from financial assets at FVTPL; (v) fair value change of contingent acquisition consideration; (vi) exchange gain; (vii) gain/(loss) on disposal of property and equipment and right of use assets; and (viii) others. The following table sets forth a breakdown of our other income for the years indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Government grants	34,160	18.2	53,554	36.4	99,285	55.8
Interest income	22,110	11.9	28,261	19.2	34,470	19.4
Investment income from time deposits with banks	10,573	5.7	22,660	15.4	13,854	7.8
Investment income from financial assets at FVTPL	23,634	12.7	18,027	12.3	10,541	5.9
Fair value change of contingent acquisition consideration	25,282	13.5	–	–	–	–
Exchange gain	70,376	37.7	17,102	11.6	20,878	11.7
Gain/(loss) on disposal of property, plant and equipment and right of use assets	117	0.1	5,590	3.8	(491)	(0.3)
Others	282	0.2	1,962	1.3	(515)	(0.3)
Total	**186,534**	**100.0**	**147,156**	**100.0**	**178,022**	**100.0**

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

We make provision for impairment losses on trade and other receivables based on the expected credit losses of our trade and other receivables in accordance with relevant accounting policies. During the Track Record Period, we recognized net impairment losses on financial assets of RMB3.2 million, RMB0.8 million and RMB2.5 million in 2022, 2023 and 2024, respectively. For details, see Note 6 of the Accountants' Report included in Appendix I to this Document.

Impairment Loss on Goodwill

During the Track Record Period, we recognized impairment loss on goodwill of RMB23.0 million, RMB72.1 million and RMB56.6 million in 2022, 2023 and 2024, respectively, primarily because certain historical acquisitions would not generate the benefits as originally expected after evaluation of the business performance. As a result, we recorded impairment loss to reflect the reduced value. For details, see Note 6 of the Accountants' Report included in Appendix I to this Document.

Impairment Loss on Property, Plant and Equipment

During the Track Record Period, we recognized impairment loss on property, plant and equipment of nil, RMB3.6 million and RMB22.0 million in 2022, 2023 and 2024, respectively, primarily because a number of machines and equipment within certain business units had become obsolete and ceased to be operational. At each year end, we assessed the recoverable amounts of those assets were nil and as a result the carrying amount of the machines was written down to their recoverable amount. For details, see Note 6 of the Accountants' Report included in Appendix I to this Document.

Finance Costs

Our finance costs consist of interest for lease liabilities. We recorded finance costs of RMB20.5 million, RMB22.6 million and RMB19.5 million in 2022, 2023 and 2024, respectively. See Note 6(a) of the Accountants' Report included in Appendix I to this Document.

Change in Carrying Amount of Redemption Liabilities

We recorded negative RMB124.2 million, nil and nil in change in carrying amount of redemption liabilities in the consolidated statements of profit or loss and other comprehensive income in 2022, 2023 and 2024, respectively. These changes during the Track Record Period were primarily driven by an increase in the redemption amount of the shares with preferential rights held by certain [**REDACTED**] investors. Such preferential rights have been terminated in 2022. Hence, the redemption liabilities were reclassified to equity thereafter.

Share of Profits Less Losses of Associates

We recorded share of net losses of associates of RMB1.1 million and RMB0.4 million in 2022 and 2024, respectively, and share of net profits of associates of RMB5.6 million in 2023. The fluctuations were primarily driven by profit and loss of our investees.

Income Tax Credit

We recorded RMB3.2 million, RMB3.2 million and RMB0.5 million income tax credit in 2022, 2023 and 2024, respectively.

Loss for the Year

As a result of foregoing, we recorded RMB1,570.3 million, RMB1,837.5 million and RMB1,547.4 million in loss in 2022, 2023 and 2024, respectively.

TAXATION

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not adopted for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

PRC

Our subsidiaries established and operated in Mainland China are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law (the "EIT Law"). Pursuant to the EIT Law, our subsidiaries established in Mainland China are generally subject to EIT at the statutory rate of 25% or 15% for the subsidiaries with the certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

Other Countries

Our subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits. Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 15.6% from RMB1,752.2 million in 2023 to RMB2,025.4 million in 2024, primarily due to the increased market demand benefiting from improved market environment in 2024 and launch of new application areas of our solution offerings.

- ***Sale of solutions.*** Our revenue from sales of solutions increased by 16.4% from RMB1,701.4 million in 2023 to RMB1,980.3 million in 2024, primarily due to (i) an increase in sales volume to our major customers as a result of an improved market sentiment and (ii) the launch and enrichment of our solutions for mass production in our customers' offerings. As the smart device and embodied intelligence solution industries continue to expand and market sentiments recovered in 2024, the downstream need for more efficient intelligent solutions continues to grow. As a result, our revenue from smart device solutions increased from RMB1,635.6 million in 2023 to RMB1,791.6 million in 2024. Moreover, we witnessed a significant increase in our revenue from sales of embodied intelligence solutions from RMB65.9 million in 2023 to RMB188.7 million in 2024, driven by recovered market sentiments in 2024 and provision of more solutions to further accommodate our customers' needs.

- ***License and services.*** Our revenue generated from license and services decreased by 11.3% from RMB50.8 million in 2023 to RMB45.0 million in 2024, primarily driven by changes in the demands for our services among our customers.

Cost of Sales

Our total cost of sales increased by 12.5% from RMB1,482.0 million in 2023 to RMB1,667.8 million in 2024, which was in line with our revenue growth.

- ***Sale of solutions.*** Our cost of sales from sales of solutions increased by 12.1% from RMB1,475.0 million in 2023 to RMB1,653.8 million in 2024, primarily due to an increase in sales volume that leads to a corresponding increase on material costs used to produce our solutions.

- ***License and services.*** Our cost of sales generated from license and services significantly increased from RMB7.0 million in 2023 to RMB14.0 million in 2024, primarily driven by an increase in staff costs driven by higher percentage revenue contribution from services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB270.2 million in 2023 to RMB357.5 million in 2024.

Our gross profit margin increased from 15.4% in 2023 to 17.7% in 2024, resulting from changes in our revenue mix as well as their respective gross profit margin.

- ***Sale of solutions.*** Our gross profit margin from sale of solutions increased from 13.3% in 2023 to 16.5% in 2024, primarily attributable to the following:

  - The gross profit margin for smart device solutions slightly decreased from 20.1% in 2023 to 18.1% in 2024, primarily attributable to our price-for-volume market strategy to gain more market share in light of market conditions.

  - The gross loss margin for embodied intelligence solutions changed from 155.2% in 2023 to gross profit margin of 1.5% in 2024, primarily attributable to lower provision provided for inventory used in a type of embodied intelligence solution related to certain earlier generation of intelligent connectivity function in the amount of RMB3.8 million in 2024 as compared to RMB102.5 million in 2023 in accordance with applicable accounting policies as overall market demands recovered in 2024.

- ***License and services.*** Our gross profit margin from license and services decreased from 86.3% in 2023 to 68.8% in 2024, primarily attributable to higher revenue contribution of services as compared to licenses, which incurred relatively higher staff costs.

Research and Development Expenses

Our research and development expenses decreased by 7.5% from RMB1,444.7 million in 2023 to RMB1,337.0 million in 2024, which was primarily due to a decrease in staff costs resulting from our optimization of employment structure. Our research and development expenses as a percentage of total revenue decreased from 82.5% in 2023 to 66.0% in 2024 primarily because of our adjustments on personnel and R&D project resulting from our more targeted research and development initiatives in 2024.

Administrative Expenses

Our administrative expenses decreased by 9.3% from RMB552.9 million in 2023 to RMB501.6 million in 2024, primarily due to (i) a decrease in staff costs resulting from our optimization of employment structure and adjustments in incentive payments in accordance with our compensation policies and (ii) a decrease in professional service fees paid. As we continue to increase our revenue and promote administrative efficiency, our administrative expenses as a percentage of total revenue decreased from 31.6% in 2023 to 24.8% in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.8% from RMB167.0 million in 2023 to RMB144.0 million in 2024, which was primarily due to a decrease in staff costs primarily attributable to adjustments in incentive payments in accordance with our compensation policies. As we continue to increase our revenue and promote selling and distribution efficiency, our administrative expenses as a percentage of total revenue decreased from 9.5% in 2023 to 7.1% in 2024.

Other Net Income

Our other net income increased by 21.0% from RMB147.2 million in 2023 to RMB178.0 million in 2024, primarily due to an increase in government grants as a result of a one-off subsidy program from local government.

Impairment Loss under Expected Credit Loss Model, Net of Reversal

Our net impairment loss under expected credit loss model increased by 205.3% from RMB0.8 million in 2023 to RMB2.5 million in 2024, mainly due to aging of certain trade receivables that led to increased impairment recorded based on the applicable accounting policies.

Impairment Loss on Goodwill

Our impairment loss on goodwill decreased by 21.5% from RMB72.1 million in 2023 to RMB56.6 million in 2024, because certain historical acquisitions would not generate the benefits as originally expected after evaluation of the business performance. As a result, we recorded impairment loss to reflect the reduced value.

Impairment Loss on Property, Plant and Equipment

Our impairment loss on property, plant and equipment increased significantly from RMB3.6 million in 2023 to RMB22.0 million in 2024, primarily because a number of machines and equipment within certain business units had become obsolete and ceased to be operational. We assessed the recoverable amounts of those assets were nil and as a result the carrying amount of the machines was written down to their recoverable amount.

Finance Costs

Our finance costs decreased by 13.7% from RMB22.6 million in 2023 to RMB19.5 million in 2024, mainly due to a decrease in interest for lease liabilities as a result of termination of certain leases as well as continual timely payment.

Share of Profits Less Losses of Associates

Our share of profits or losses of associates changed from share of profits of associates of RMB5.6 million in 2023 to share of losses of associates of RMB0.4 million in 2024, mainly due to liquidation proceeds from an associate that we received in 2023.

Income Tax Credit

Our income tax credit decreased by 85.6% from RMB3.2 million in 2023 to RMB0.5 million in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 15.8% from RMB1,837.5 million in 2023 to RMB1,547.4 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 12.4% from RMB1,999.7 million in 2022 to RMB1,752.2 million in 2023, primarily due to our strategic decision to decrease pricing of our solutions in response to changing macroeconomic conditions and market dynamics that leads to weaker downstream demands in 2023.

- ***Sale of solutions.*** Our revenue from sales of solutions decreased by 13.0% from RMB1,954.8 million in 2022 to RMB1,701.4 million in 2023, primarily due to our price-for-volume market strategy to gain more market share in response of fluctuating macroeconomic conditions and market dynamics in 2023. As a result, the revenue from smart device solutions decreased from RMB1,761.0 million in 2022 to RMB1,635.6 million in 2023. The revenue from our embodied intelligence solutions decreased from RMB193.8 million to RMB65.9 million, primarily attributable to our strategic adjustment over solution portfolio by discontinuing certain earlier generation solutions.

- ***License and services.*** Our revenue generated from license and services increased by 13.0% from RMB44.9 million in 2022 to RMB50.8 million in 2023, primarily due to changes in the number of license and services contracts driven by changes in customer's demands.

Cost of Sales

Our total cost of sales increased from RMB1,481.3 million in 2022 to RMB1,482.0 million in 2023.

- ***Sale of solutions.*** Our cost of sales from sales of solutions slightly decreased by 0.1% from RMB1,476.1 million in 2022 to RMB1,475.0 million in 2023 despite the significant revenue decrease, primarily due to an increase in write-down of inventories as the market condition deteriorates and the corresponding inventory turnover days increased, leading to higher provision made in accordance with accounting policies.

- ***License and services.*** Our cost of sales generated from license and services increased by 32.7% from RMB5.2 million in 2022 to RMB7.0 million in 2023, primarily driven by an increase in staff costs in providing customized services for customers.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased from RMB518.4 million in 2022 to RMB270.2 million in 2023.

Our gross profit margin decreased from 25.9% in 2022 to 15.4% in 2023, resulting from changes in our business mix as well as their respective gross profit margin.

- ***Sale of solutions.*** Our gross profit margin from sale of solutions decreased from 24.5% in 2022 to 13.3% in 2023, primarily attributable to the following:

  - The gross profit margin for smart device solutions decreased from 25.5% in 2022 to 20.1% in 2023, primarily attributable to (i) our price-for-volume market strategy to gain more market share in response of fluctuating macroeconomic conditions and market dynamics in 2023; and (ii) provision provided for inventory in accordance with accounting policies in response to macroeconomic factors and longer inventory turnover days in 2023.

  - The gross profit margin for embodied intelligence solutions changed from gross profit margin of 15.7% in 2022 to gross loss margin of 155.2% in 2023, primarily attributable to an increase in one-off write-down provided for embodied intelligence solutions related to certain earlier generation intelligent connection functions from RMB11.7 million in 2022 to RMB102.5 million in 2023 in accordance with applicable accounting policies as overall market dynamics fluctuated and inventory turnover days increased.

- ***License and services.*** Our gross profit margin from license and services decreased from 88.3% in 2022 to 86.3% in 2023, primarily attributable to more revenue contribution from services which requires higher staff costs and demands a lower margin profile than licenses.

Research and Development Expenses

Our research and development expenses slightly increased from RMB1,440.2 million in 2022 to RMB1,444.7 million in 2023, which was primarily due to an increase in amortization and depreciation of assets utilized in research and development activities. Our research and development expenses as a percentage of total revenue increased from 72.0% in 2022 to 82.5% in 2023, in line with our continuing effort to invest in research and development.

Administrative Expenses

Our administrative expenses increased by 18.2% from RMB467.7 million in 2022 to RMB552.9 million in 2023, primarily due to an increase in staff costs as a result of an increase in severance payments to departing employees which were recorded as administrative expenses. Our administrative expenses as a percentage of total revenue increased from 23.4% in 2022 to 31.6% in 2023.

Selling and Distribution Expenses

Our selling and distribution expenses decrease by 15.9% from RMB198.5 million in 2022 to RMB167.0 million in 2023, which was primarily due to a decrease in staff costs as a result of reduced incentive payments in response of challenging market conditions. Our selling and distribution expenses as a percentage of total revenue remained relatively stable at 9.9% in 2022 and 9.5% in 2023.

Other Net Income

Our other net income decreased by 21.1% from RMB186.5 million in 2022 to RMB147.2 million in 2023, primarily due to a decrease in exchange gain as a result of the fluctuation in exchange rate between Renminbi and US Dollar.

Impairment Loss under Expected Credit Loss Model, Net of Reversal

Our impairment loss under expected credit loss model, net of reversal decreased from RMB3.2 million in 2022 to RMB0.8 million in 2023, mainly because of a relatively large provision due to the large balance of account receivables in 2022, which decreased in 2023.

Impairment Loss on Goodwill

Our impairment loss on goodwill significantly increased from RMB23.0 million in 2022 to RMB72.1 million in 2023, mainly due to the fact that after internal evaluation, the forecasted performance of certain operations relating to our historical acquisitions would fall short of expectations, leading to recognition of impairment loss on goodwill.

Impairment Loss on Property, Plant and Equipment

Our impairment loss on property, plant and equipment increased from nil in 2022 to RMB3.6 million in 2023 because a number of machines and equipment within certain business units had become obsolete and ceased to be operational.

Finance Costs

Our finance costs increased by 10.4% from RMB20.5 million in 2022 to RMB22.6 million in 2023, mainly due to addition of new leases.

Change in Carrying Amount of Redemption Liabilities

We recorded a negative change of RMB124.2 million in carrying amount of redemption liabilities in 2022 primarily due to the increase in the redemption amount of the shares with preferential rights held by certain [**REDACTED**] investors. Such preferential rights have been terminated in 2022 and the redemption liabilities were reclassified as equity thereafter.

Share of Profits Less Losses of Associates

Our share of profits or losses of associates changed from share of losses of associates of RMB1.1 million in 2022 to share of profits of associates of RMB5.6 million in 2023, mainly due to liquidation proceeds from an associate that we received in 2023.

Income Tax Credit

Our income tax credit remained relatively stable at RMB3.2 million in 2022 and 2023.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB1,570.3 million and RMB1,837.5 million in 2022 and 2023.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	253,444	451,712	416,480
Right-of-use assets	403,984	425,284	370,211
Intangible assets	556,820	475,077	362,057
Goodwill	183,155	111,066	54,495
Interest in associates	14,821	17,744	17,329
Time deposits with banks	–	101,507	104,659
Other non-current assets	794,634	764,363	441,116
Total non-current assets	**2,206,858**	**2,346,753**	**1,766,347**
Current assets			
Inventories	417,518	328,646	367,638
Trade receivables	673,323	766,665	755,805
Prepayments and other receivables	170,375	136,206	353,543
Financial assets measured at FVPL	250,359	963,273	–
Financial assets at fair value through other comprehensive income ("FVOCI")	4,082	–	–
Restricted cash	25,226	21,482	33,321
Time deposits with banks	430,761	981,342	–
Cash and cash equivalents	981,766	808,060	1,587,739
Total current assets	**2,953,410**	**4,005,674**	**3,098,046**
Current liabilities			
Trade payables	425,318	298,987	339,742
Accruals and other payables	532,432	499,960	396,260
Contract liabilities	10,372	17,574	69,251
Lease liabilities	50,642	53,184	36,177
Current taxation	227	13	28
Total current liabilities	**1,018,991**	**869,718**	**841,458**
Net current assets	**1,934,419**	**3,135,956**	**2,256,588**
Total assets less current liabilities	**4,141,277**	**5,482,709**	**4,022,935**

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current liabilities			
Lease liabilities	376,325	403,897	369,284
Deferred income	14,575	3,722	15,922
Deferred tax liabilities	3,962	674	–
Other non-current liabilities	–	5,250	10,500
Total non-current liabilities	**394,862**	**413,543**	**395,706**
Net assets	**3,746,415**	**5,069,166**	**3,627,229**
Capital and reserves			
Paid-in capital/share capital	46,176	2,020,210	2,020,210
Reserves	3,700,239	3,048,956	1,607,019
Total equity	**3,746,415**	**5,069,166**	**3,627,229**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) machinery equipment, (ii) office equipment, (iii) leasehold improvements and (iv) construction in progress. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Property, plant and equipment			
Machinery equipment	138,303	236,070	237,589
Office equipment	28,764	23,681	15,014
Leasehold improvements	58,230	163,149	141,819
Construction in Progress	28,147	28,812	22,058
Total	**253,444**	**451,712**	**416,480**

Our property, plant and equipment increased from RMB253.4 million as of December 31, 2022 to RMB451.7 million as of December 31, 2023, primarily due to (i) an increase in leasehold improvements as a result of decoration of new office premises in Xi'an and Beijing, and (ii) an increase in machinery equipment as a result of procurement of technical equipment of enhance our testing capabilities. Our property, plant and equipment decreased to RMB416.5 million as of December 31, 2024, primarily due to disposal of relevant leasehold improvements and office equipment.

Right-of-use Assets

Our right-of-use assets mainly represent our lease of office premises and employee dormitory. Our right-of-use assets increased from RMB404.0 million as of December 31, 2022 to RMB425.3 million as of December 31, 2023, primarily attributable to addition of new leases. Our right-of-use assets subsequently decreased to RMB370.2 million as of December 31, 2024 as a result of depreciation provision and early termination of certain leases.

Intangible Assets

Our intangible assets consist of non-proprietary technology, software and licensing rights acquired from third parties. Our intangible assets decreased from RMB556.8 million as of December 31, 2022 to RMB475.1 million as of December 31, 2023 and further to RMB362.1 million, primarily attributable to depreciation and amortization of existing intangible assets.

Goodwill

Our goodwill mainly represents our goodwill from a business cooperation agreement with Socionext Inc. ("SNI") to acquire the production and operations activities and assets relating to TV processing hardware. Our goodwill decreased from RMB183.2 million as of December 31, 2022 to RMB111.1 million as of December 31, 2023, and further to RMB54.5 million as of December 31, 2024 primarily attributable to impairment provisions made in accordance with valuation performed by independent third parties based on the fair value of the businesses acquired.

Interests in Associates

Our interests in associates represent fair market value of associates that we invested in. Our interests in associates amounted to RMB14.8 million, RMB17.7 million and RMB17.3 million as of December 31, 2022, 2023 and 2024, respectively, primarily attributable to changes in share of profits or loss from the associates we invested in.

Time Deposits with Banks — Non-Current

Our non-current time deposits with banks amounted to nil, RMB101.5 million and RMB104.7 million as of December 31, 2022, 2023 and 2024, primarily attributable to purchase of long-term time deposits in accordance with our internal financing management policy.

Other Non-Current Assets

Our other non-current assets primarily represent (i) prepayments for manufacturing capacity security deposits relating to our capacity reservation with partners, (ii) prepayments for properties, plants and equipment and licensing rights, (iii) rental deposits, and (iv) others. The following table sets forth the breakdown of our other non-current assets as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Prepayments for manufacturing capacity security deposits	542,155	522,924	353,915
Prepayments for machinery equipment and licensing rights	176,654	176,714	45,154
Rental deposits	44,501	53,849	40,625
Others	31,769	11,414	1,828
Less: provision for loss allowance under expected credit loss model	(445)	(538)	(406)
Total	**794,634**	**764,363**	**441,116**

Our other non-current assets decreased from RMB794.6 million as of December 31, 2022 to RMB764.4 million as of December 31, 2023, primarily attributable to a decrease in prepayments for manufacturing capacity security deposits, which is driven by expected utilization costs of manufacturing capacity security. Our other non-current assets further decreased to RMB441.1 million as of December 31, 2024, primarily attributable to (i) a decrease in prepayments for manufacturing capacity security deposits, primarily because such amount is expected to be recovered within one year and is therefore reclassified as other receivables pursuant to the term of the contract and (ii) a decrease in prepayments for properties, plants and equipment and licensing rights as these assets transitioned from the prepayment stage to being recognized as assets, leading to a decrease in the corresponding prepayment amounts.

Inventories

Our inventories primarily consist of (i) finished goods, which primarily consist of processing hardware that is in final testing stage, (ii) working in progress, which primarily consists of processing hardware that is in the early stage of manufacturing, (iii) raw materials, which primarily consist of electronic components and materials, and (iv) other contract costs.

The following table sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Raw materials	110,915	175,771	176,753
Work in progress	171,574	152,431	197,051
Finished goods	167,001	196,130	254,296
Other contract costs	–	11,391	22,575
Less: write down of inventories	(31,972)	(207,077)	(283,037)
Total inventories	**417,518**	**328,646**	**367,638**

Our inventories decreased from RMB417.5 million as of December 31, 2022 to RMB328.6 million as of December 31, 2023 primarily attributable to a higher write down of inventories from RMB32.0 million as of December 31, 2022 to RMB207.1 million as of December 31, 2023 resulting from decreasing demand from downstream customers. In response, we wrote down the value of certain long-aged inventory. Our inventories increased to RMB367.6 million as of December 31, 2024, primarily attributable to procurement of new inventories in light of market recovery in 2024, partially offset by write down of inventories of RMB283.0 million. For details, see Note 18 of Appendix I to this Document.

As of December 31, 2022, 2023 and 2024, the balance of write down of inventories amounted to RMB32.0 million, RMB207.1 million and RMB283.0 million, respectively. Inventories are stated at the lower of cost and net realizable value. Inventory cost mainly comprises cost of bill of materials for processing hardware and devices as well as processing fees. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We assessed impairment to inventories regularly during the Track Record Period and made provision to write down our inventories to the net realizable value if the inventories become expired or damaged, or their prices went down, and their realizable value substantially decreases.

The following table sets forth our inventory turnover days for the Track Record Period:

	For the Year Ended December 31,		
	2022	2023	2024
Inventory turnover days[1]	66	92	76

Note:

(1) Calculated using the average of opening balance and closing balance of the inventories for such year divided by cost of sales for the relevant year and multiplied by the number of days during such year.

Our inventory turnover days increased significantly from 66 days in 2022 to 92 days in 2023, primarily attributable to macroeconomic factors and changing market dynamics that leads to reduced demand for our solutions and, correspondingly, an increase in inventory accumulation and turnover for certain specific inventory used in embodied intelligence solutions related to certain earlier-generation of intelligent connection function. Our inventory turnover days subsequently decreased to 76 days in 2024 as the market sentiments recovered and sales increased.

The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	395,989	308,326	367,638
Over one year	21,529	20,320	–
Total	**417,518**	**328,646**	**367,638**

As of March 31, 2025, RMB318.9 million of inventories, accounting for 86.7% of inventories as of December 31, 2024, had been subsequently utilized.

Trade Receivables

Our trade receivables primarily represent outstanding receivables from customer. The following table sets forth a breakdown of our trade receivables by nature as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade receivables	680,456	774,269	766,379
Less: provision for loss allowance under expected credit loss model	(7,133)	(7,604)	(10,574)
Total trade receivables	**673,323**	**766,665**	**755,805**

Our trade receivables increased from RMB673.3 million as of December 31, 2022 to RMB766.7 million as of December 31, 2023, primarily due to an extension of credit period for one of our major customers from 30 days in 2022 to 90 days in 2023. Our trade receivables decreased to RMB755.8 million as of December 31, 2024.

The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	672,810	766,430	732,219
Over one year	513	235	23,586
Total	**673,323**	**766,665**	**755,805**

The following table sets forth the turnover days of our trade receivables for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Total trade receivables turnover days	100	150	137

Note:

(1) Trade receivables turnover days for a year equal the average of the opening and closing trade receivables balance (net of allowance) divided by revenue for the relevant year and multiplied by the number of days during such year.

Our trade receivables turnover days increased from 100 days in 2022 to 150 days in 2023, primarily attributable to extended credit period to certain of our major customers. Our trade receivables turnover days decreased to 137 days in 2024.

As of March 31, 2025, RMB672.7 million, or 88.9% of our trade receivables as of December 31, 2024 had been subsequently settled.

Prepayments and Other Receivables

Our prepayments and other receivables include (i) prepayments to suppliers representing prepayments made to suppliers for procurement of raw materials, (ii) other receivables from third-party representing deposit made to certain service providers to reserve manufacturing capacity for processing hardware, and (iii) input VAT receivables.

The following table sets forth the breakdown of our prepayments and other current assets as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Prepayments to suppliers	91,574	50,660	102,649
Other receivables from third-party	31,425	18,653	160,052
VAT receivables	47,601	67,358	90,924
Less: provision for loss allowance under expected credit loss model	(225)	(465)	(82)
Total	**170,375**	**136,206**	**353,543**

Our prepayments and other receivables decreased from RMB170.4 million as of December 31, 2022 to RMB136.2 million as of December 31, 2023, primarily attributable to a decrease in prepayment to suppliers as a result of decreasing downstream demand from customers and accumulation of long-aged inventories. Our prepayment and other receivables subsequently increased to RMB353.5 million as of December 31, 2024, primarily attributable to (i) an increase in other receivables from third-party resulting from reclassification of prepayments for manufacturing capacity security deposits to other receivables from third-party based on the terms of settlement schedule of the contract and (ii) an increase in prepayment to suppliers as downstream demands for our solutions increased.

Financial Assets Measured at FVPL

Our financial assets measured at FVPL consists of our wealth management products and structured deposits. Our financial assets measured at FVPL increased from RMB250.4 million as of December 31, 2022 to RMB963.3 million as of December 31, 2023, primarily as a result of our investment in wealth management products managed by state-owned banks or other high-quality reputable banks in China for cash management purposes. Our financial assets measured at FVPL decreased to nil as of December 31, 2024 as a result of strategic decision to purchase less long-term deposits based on internal cash management policies. See Note 17 of the Accountants' Report in Appendix I to the Document.

Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs. We primarily invest in low-risk wealth management products and the proposed investment must not interfere with our daily operation and business prospects. We make investment decisions related to wealth management products on a case-by-case basis after comprehensively considering a number of factors, including but not limited to, macroeconomic environment, general market conditions and the expected profit or potential loss of the investment. Prior management team approval is required before investing in wealth management products and structured deposits.

Financial Assets at FVOCI

Our financial assets measured at FVOCI amounted to RMB4.1 million as of December 31, 2022, primarily relating to notes received from customers which had been subsequently transferred to our suppliers in 2023.

Restricted Cash

Our restricted cash amounted to RMB25.2 million, RMB21.5 million and RMB33.3 million as of December 31, 2022, 2023 and 2024, respectively.

Time Deposits with Banks — Current

Our time deposits with banks — current increased from RMB430.8 million as of December 31, 2022 to RMB981.3 million as of December 31, 2023, primarily attributable to purchase of short-term deposits for cash management purposes. Our time deposits with banks — current decreased to nil as of December 31, 2024, primarily attributable to increased investments in more short-term deposits or demand deposits to meet our operation needs. For details, see "— Liquidity and Capital Resources — Cash Flows."

Cash and Cash Equivalents

Our cash and cash equivalents were RMB981.8 million, RMB808.1 million and RMB1,587.7 million, respectively, as of December 31, 2022, 2023 and 2024. The fluctuation of our cash and cash equivalents positions at each year end was primarily due to the use of cash to support operating activities and cash outflows from investing activities. For details, see "— Liquidity and Capital Resources — Cash Flows."

Liabilities

Trade Payables

Our trade payables primarily include payables to suppliers incurred during the ordinary course of business. Our trade payables amounted to RMB425.3 million, RMB299.0 million and RMB339.7 million as of December 31, 2022, 2023 and 2024, respectively, primarily attributable to fluctuations in downstream demands for our solutions that results in changes of procurement from suppliers.

The following table sets forth the aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	425,273	298,938	338,847
Over one year	45	49	895
Total trade payables	**425,318**	**298,987**	**339,742**

The following table sets forth our trade payables turnover days for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
Trade payables turnover days	91	89	70

Note:

(1) Trade payables turnover days is calculated using the average of the opening and closing trade payables balance divided by cost of sales for the relevant year and multiplied by the number of days during such year.

Our trade payables turnover days remained relatively stable at 91 days and 89 days in 2022 and 2023. Our trade payables turnover days decreased to 70 days in 2024, primarily attributable to our payments to suppliers to reserve their capacity in the wake of market rebound in 2024.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

As of March 31, 2025, RMB314.3 million, or 92.5% of our trade payables as of December 31, 2024 had been subsequently settled.

Accruals and Other Payables

Accruals and other payables consist of (i) staff cost payables relating to employee benefits to be paid to our employees, (ii) other taxes and levies payables from our business operations, (iii) payables for acquisition consideration relating to acquisition from SNI for the production and operations activities and assets relating to TV processing hardware, (iv) payables for purchase of equipment and services, (v) forgivable loan for R&D projects and (vi) others primarily relating to renovation costs, property management fees, co-development fees and security deposits. The following table sets forth our accruals and other payables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Staff cost payables	242,063	181,728	174,774
Other taxes and levies payables	32,215	25,302	20,052
Payables for acquisition consideration	36,846	–	–
Payables for purchase of equipment and services	116,624	213,662	158,184
Forgivable loan for R&D projects	45,000	45,000	–
Others	59,684	34,268	43,250
Total	**532,432**	**499,960**	**396,260**

Our accruals and other payables decreased from RMB532.4 million as of December 31, 2022 to RMB500.0 million as of December 31, 2023, primarily attributable to a decrease in staff cost payables resulting from a decrease in the number of employees in 2023 and a decrease in payables for acquisition consideration resulting from settlement of acquisition consideration, partially offset by an increase in payables for purchase of equipment and services resulting from procurement of certain IP module services in 2023. Our accruals and other payables subsequently decreased to RMB396.3 million as of December 31, 2024, primarily attributable to a decrease in forgivable loan for R&D projects and a decrease in payables for purchase of equipment and services as we settled our payment obligations in 2024.

Contract Liabilities

Contract liabilities represent payments received in advance of revenue recognition. We recorded contract liabilities of RMB10.4 million, RMB17.6 million, and RMB69.3 million, respectively, as of December 31, 2022, 2023 and 2024. The significant increase in contract liabilities was primarily attributable to prepayment from a major customer on certain customization projects.

As of March 31, 2025, RMB15.3 million, or 22.1% of our contract liabilities as of December 31, 2024 had been subsequently settled.

Deferred Income

Deferred income mainly includes various conditional government grants for research and development projects, which will be recognized as income in the same years in which the expenses for the development project are incurred and the conditions are met. Our deferred income amounted to RMB14.6 million, RMB3.7 million and RMB15.9 million as of December 31, 2022, 2023 and 2024, respectively.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded current lease liabilities of RMB50.6 million, RMB53.2 million and RMB36.2 million, respectively, and non-current lease liabilities of RMB376.3 million, RMB403.9 million and RMB369.3 million, respectively, as of December 31, 2022, 2023 and 2024. The fluctuation of lease liabilities was primarily attributable to the combined effect of addition of new leases to support our operations and early termination of certain existing leases to optimize our cost structure.

Other Non-Current Liabilities

Our other non-current liabilities were nil, RMB5.3 million and RMB10.5 million as of December 31, 2022, 2023 and 2024, respectively.

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Current assets				
Inventories	417,518	328,646	367,638	476,303
Trade receivables	673,323	766,665	755,805	468,081
Prepayments and other receivables	170,375	136,206	353,543	496,677
Financial assets measured at FVPL	250,359	963,273	–	–
Financial assets at fair value through other comprehensive income ("FVOCI")	4,082	–	–	–
Restricted cash	25,226	21,482	33,321	23,488
Time deposits with banks	430,761	981,342	–	–
Cash and cash equivalents	981,766	808,060	1,587,739	1,271,155
Total current assets	**2,953,410**	**4,005,674**	**3,098,046**	**2,735,704**

	As of December 31,			As of March 31,
	2022	2023	2024	2025
				(unaudited)
	(RMB in thousands)			
Current liabilities				
Trade payables	425,318	298,987	339,742	362,110
Accruals and other payables	532,432	499,960	396,260	282,911
Contract liabilities	10,372	17,574	69,251	60,583
Lease liabilities	50,642	53,184	36,177	31,785
Current taxation	227	13	28	9
Total current liabilities	**1,018,991**	**869,718**	**841,458**	**737,398**
Net current assets	**1,934,419**	**3,135,956**	**2,256,588**	**1,998,306**

Our net current assets increased from RMB1,934.4 million as of December 31, 2022 to RMB3,136.0 million as of December 31, 2023, primarily due to the increase in current assets as well as the decrease in current liabilities. The increase in net current assets was primarily attributable to an increase in financial assets measured at FVPL from RMB250.4 million as of December 31, 2022 to RMB963.3 million as of December 31, 2023 and an increase in time deposits with banks from RMB430.8 million as of December 31, 2022 to RMB981.3 million as of December 31, 2023, resulting from the closing of financing that leads to an increase in amount of financial resources to be invested as wealth management products and time deposits for cash management purposes. The decrease in current liabilities was primarily attributable to a decrease in trade payables from RMB425.3 million as of December 31, 2022 to RMB299.0 million as of December 31, 2023 resulting from decreasing market conditions that leads to a reduced procurement.

Our net current assets decreased from RMB3,136.0 million as of December 31, 2023 to RMB2,256.6 million as of December 31, 2024, primarily due to the decrease in current assets. The decrease in current assets was primarily attributable to a decrease in time deposits with banks from RMB981.3 million as of December 31, 2023 to nil as of December 31, 2024 and a decrease in financial assets measured at FVPL from RMB963.3 million as of December 31, 2023 to nil as of December 31, 2024, primarily attributable to disposal of wealth management products and time deposits for cash and cash equivalents to support ordinary business operations. This is partially offset by the decrease in current liabilities, primarily attributable to a decrease of accruals and other payables from RMB500.0 million as of December 31, 2023 to RMB396.3 million as of December 31, 2024, resulting from a decrease in payables for purchase of equipment and services, and a decrease in lease liabilities from RMB53.2 million as of December 31, 2023 to RMB36.2 million as of December 31, 2024.

Our net current assets decreased from RMB2,256.6 million as of December 31, 2024 to RMB1,998.3 million as of March 31, 2025, primarily due to the decrease in current assets outweighs the decrease in current liabilities. The decrease in current assets was primarily attributable to a decrease in cash and cash equivalents from RMB1,587.7 million as of December 31, 2024 to RMB1,271.2 million as of March 31, 2025 resulting from use of cash to support our operations and a decrease in trade receivables from RMB755.8 million as of December 31, 2024 to RMB468.1 million as of March 31, 2025 resulting from subsequent settlement from our customers, partially offset by an increase in prepayments and other current assets from RMB353.5 million as of December 31, 2024 to RMB496.7 million as of March 31, 2025 resulting from an increase in prepayment to suppliers to secure their capacity. The decrease in current liabilities was primarily attributable to a decrease in accruals and other payables from RMB396.3 million as of December 31, 2024 to RMB283.0 million as of March 31, 2025 resulting from payment of bonuses.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated.

	For the Year Ended/As of December 31,		
	2022	2023	2024
Gross profit margin(1)	25.9%	15.4%	17.7%
Debt to assets ratio(2)	0.3	0.2	0.3
Current ratio(3)	2.9	4.6	3.7
Quick ratio(4)	2.5	4.2	3.2

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenue for the year and multiplied by 100%.

(2) Debt to assets ratio equals total liabilities divided by total assets.

(3) Current ratio equals current assets divided by current liabilities.

(4) Quick ratio equals current assets excluding inventories divided by current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we relied on capital contributions by our shareholders as the major sources of liquidity. We also generated cash from our sales of smart device and embodied intelligence solutions. After the [**REDACTED**], we intend to finance our future capital requirements through equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operation in the future. As our business develops and expands, we expect to improve our operating cash flows through increasing sales revenue of existing commercialized solutions, launching new solutions, optimizing cost structure and improving operating efficiency.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash used in operating activities	(1,431,039)	(1,250,818)	(780,654)
Net cash (used in)/generated from investing activities	(516,232)	(1,891,820)	1,612,268
Net cash (used in)/generated from financing activities	(704)	2,960,127	(63,163)
Net (decrease)/increase in cash and cash equivalents	(1,947,975)	(182,511)	768,451
Cash and cash equivalents at the beginning of the year	2,877,359	981,766	808,060
Effects of exchange rate changes on the balance of cash held in foreign currencies	52,382	8,805	11,228
Cash and cash equivalents at the end of the year	981,766	808,060	1,587,739

Operating Activities

In 2024, our net cash used in operating activities was RMB780.7 million, which was primarily attributable to our loss before income tax of RMB1,547.8 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB486.5 million in relation to our fixed assets and intangible assets and (ii) equity-settled share-based payment expenses of RMB107.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in other operating liabilities of RMB93.0 million and (ii) an increase in contract liabilities of RMB51.7 million and (iii) an increase in prepayments, deposits and other receivables and other non-current assets of RMB25.1 million, partially offset by (i) an increase in inventories of RMB39.0 million; and (ii) an increase in restricted cash of RMB11.8 million.

In 2023, our net cash used in operating activities was RMB1,250.8 million, which was primarily attributable to our loss before income tax of RMB1,840.7 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB490.4 million in relation to our fixed assets and intangible assets, and (ii) equity-settled share-based payment expenses of RMB132.8 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade payables of RMB126.3 million, and (ii) an increase in trade receivables of RMB89.7 million, partially offset by (i) a decrease in inventories of RMB88.9 million, and (ii) a decrease in prepayment and other receivables and other non-current assets of RMB64.2 million.

In 2022, our net cash used in operating activities was RMB1,431.0 million, which was primarily attributable to our loss before income tax of RMB1,573.5 million, as adjusted by non-cash and non-operating items, which primarily comprised (i) amortization and depreciation of RMB378.6 million, and (ii) equity-settled share-based payment expenses of RMB183.1 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB298.9 million and (ii) an increase in trade receivables of RMB253.7 million, partially offset by (i) an increase in trade payables of RMB110.1 million, and (ii) a decrease in prepayment and other receivables and other non-current assets of RMB38.7 million.

Investing Activities

Net cash generated from investing activities was RMB1,612.3 million in 2024, which was primarily due to proceeds from disposals of financial assets at fair value through profit or loss of RMB3,446.0 million and proceeds from time deposits with bank matured of RMB1,640.0 million, partially offset by payments for financial assets at FVTPL of RMB2,486.0 million and payments for time deposits with bank of RM660.0 million.

Net cash used in investing activities was RMB1,891.8 million in 2023, which was primarily due to payments for financial assets at FVTPL of RMB5,130.0 million and payments for time deposits with banks matured of RMB2,082.4 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB4,420.0 million and proceeds from time deposits with banks matured of RMB1,431.7 million.

Net cash used in investing activities was RMB516.2 million in 2022, which was primarily due to payments for financial assets at FVTPL of RMB8,160.0 million and payments for time deposits with banks of RMB388.9 million, partially offset by proceeds from financial assets at fair value through profit or loss of RMB8,340.0 million and proceeds from time deposits with banks matured of RMB169.6 million.

Financing Activities

Net cash used in financing activities was RMB63.2 million in 2024, which was due to (i) capital element of lease payments of RMB43.7 million, and (ii) interest element of lease payments of RMB19.5 million.

Net cash generated from financing activities was RMB2,960.1 million in 2023, which was primarily due to capital contributions by equity shareholders of the Company of RMB3,026.5 million, partially offset by (i) capital element of lease payments of RMB43.8 million and (ii) interest element of lease payments of RMB22.6 million.

Net cash used in financing activities was RMB0.7 million in 2022, which was primarily due to (i) capital element of lease payments of RMB37.6 million, and (ii) interest element of lease payments of RMB20.5 million, offset by capital contributions by equity shareholders of the Company of RMB57.3 million.

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Document:

- cash and cash equivalents;
- available equity financing and bank facilities; and
- the estimated net [**REDACTED**] from the [**REDACTED**].

Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

CAPITAL EXPENDITURES

Our capital expenditures consist of our payments for property, plant and equipment and intangible assets. We had RMB428.1 million, RMB533.4 million, and RMB354.0 million of capital expenditures in 2022, 2023 and 2024, respectively.

We expect to finance our capital expenditures through our cash and cash equivalents, our existing bank borrowings and the [**REDACTED**] from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

INDEBTEDNESS

The following table sets forth the breakdown of financial indebtedness as of the dates indicated.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
				(unaudited)
		(RMB in thousands)		
Current				
Lease liabilities	50,642	53,184	36,177	31,785
Non-current				
Lease liabilities	376,325	403,897	369,284	386,544
Total	**426,967**	**457,081**	**405,461**	**418,329**

As of March 31, 2025, we had bank credits of RMB500.0 million which remained unutilized.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. See also "— Discussion of Selected Items From Our Consolidated Statements of Financial Position — Liabilities — Lease Liabilities."

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS

Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on property, plant and equipment as well as intangible assets. Our capital expenditure contracted for but not yet incurred as of December 31, 2022, 2023 and 2024 was RMB29.9 million, RMB73.2 million and RMB57.5 million, respectively. We expect to satisfy our capital commitments using cash from operations, [**REDACTED**] to be received from the [**REDACTED**] and bank borrowings available to us.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's-length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. All our related party transactions are trade in nature. For details our related party transactions during the Track Record Period, see Note 36(b) of the Accountants' Report included in Appendix I to this Document.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market and other financial risks, including market risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash at bank, time deposits with banks and lease liabilities. Instruments bearing interest at variable rates and fixed rates expose us to cashflow interest rate risk and fair value interest rate risk respectively. We regularly review our strategy on interest rate risk management in the light of the prevailing market condition.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to cash and cash equivalents, trade receivables and other receivables. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating assigned by the management of our Group, for which we consider to have low credit risk. We do not provide any guarantees which would expose us to credit risk.

Liquidity Risk

Our policy is to regularly monitor its liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, JPY and KRW.

DIVIDENDS

No dividend has been declared or paid by us. The declaration and payment of any dividends in the future will be determined by our Board of Directors or shareholders' meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Distributable profits are our after-tax profits less any recovery of accumulated losses and appropriations to statutory that we are required to make.

DISTRIBUTABLE RESERVES

As of December 31, 2024, our Company had no retained earnings that were available for distribution to our equity shareholders.

[**REDACTED**]

The total [**REDACTED**] payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), accounting for approximately [**REDACTED**] of [**REDACTED**] of the [**REDACTED**]. Among such estimated total [**REDACTED**], (i) [**REDACTED**], including [**REDACTED**], are expected to be approximately HK$[**REDACTED**], and (ii) [**REDACTED**] of approximately HK$[**REDACTED**], comprising (a) fees and expenses of legal advisers and reporting accountants of approximately HK$[**REDACTED**] and (b) other fees and expenses of approximately HK$[**REDACTED**].

Among the total [**REDACTED**] payable of HK$[**REDACTED**], HK$[**REDACTED**] is expected to be expensed through profit or loss and the remaining amount of HK$[**REDACTED**] is directly attributable to the issue of shares and to be deducted from equity. As of December 31, 2024, we incurred [**REDACTED**] of nil through profit or loss and expected HK$[**REDACTED**] to be charged to profit or loss after the Track Record Period.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial, operational or trading position since December 31, 2024, being the date on which the latest audited consolidated financial information of our Group was prepared in Appendix I to this Document, and there had been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no other circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see "Business — Our Development Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the midpoint of the indicative [**REDACTED**] stated in this Document.

In line with our strategies, we intend to use the [**REDACTED**] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to develop and iterate our smart device and embodied intelligence solutions, among which:

  - Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], will be used for developing new and/or iterating existing smart device solutions on smart home, office and portable scenarios; and

  - Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], will be used for developing new and/or iterating existing embodied intelligence solutions on automotive, robotics and industrial scenarios.

  We believe these [**REDACTED**] will significantly diversify the portfolio of our solution [**REDACTED**], secure our technological leadership and first-mover advantage, and establish a strong technological moat in the field of system-level intelligent solutions.

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to enhance the capabilities of our hardware-software integrated platform and improve our open, flexible and reusable research and development system, among which:

  - Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development of the foundational platform capabilities as well as domain-specific hardware IP modules of the RISAA Platform.

  - Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development and upgrade of our foundational software, toolchain software and domain-specific software of the RISAA Platform.

These [**REDACTED**] will enable us to further enhance the technology capabilities of RISAA Platform and better address the exponential market demand in the era of intelligence transformation.

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for potential strategic mergers and acquisitions that are expected to generate synergies with our existing business to expand our technological capabilities and solution portfolio. Through strategic integration of potential targets, we aim to achieve efficient resource allocation, strengthen our market leadership, and further bolster our core competitiveness. As of the Latest Practicable Date, we have not entered into any binding commitment, whether oral or written, for any business or asset acquisition.

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used to establish and expand our global commercialization network, further promoting the construction of the RISC-V ecosystem. We plan to invest in enhancing the layout of our global sales and service centers. We intend to strengthen our global market presence and brand-building efforts by assembling sales and customer service teams, and exploring collaboration opportunities. These initiatives will drive the commercialization and implementation of our system-level solutions in global markets.

- Approximately [**REDACTED**] of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and general corporate purpose.

If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the high end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**], the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. [**REDACTED**] may be fixed at a higher or lower level compared to the midpoint of the indicative [**REDACTED**] stated in this Document.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the indicative [**REDACTED**]). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional [**REDACTED**] to the aforementioned purposes in the proportions stated above.

To the extent that our [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the [**REDACTED**] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of [**REDACTED**].

[REDACTED]

[REDACTED]

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[**REDACTED**]

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The following is the text of a report set out on pages I-1 to I-73, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING ESWIN COMPUTING TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Beijing ESWIN Computing Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-73, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2022, 2023 and 2024 (the "Relevant Periods"), and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company and the Group's financial position as at December 31, 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 33(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*Date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Year ended December 31,		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	4	1,999,718	1,752,185	2,025,379
Cost of sales		(1,481,337)	(1,481,957)	(1,667,839)
Gross profit		518,381	270,228	357,540
Selling and distribution expenses		(198,499)	(166,952)	(143,956)
Administrative expenses		(467,668)	(552,903)	(501,551)
Research and development expenses		(1,440,202)	(1,444,738)	(1,336,952)
Other net income	5	186,534	147,156	178,022
Impairment losses under expected credit loss model, net of reversal	*6(c)*	(3,236)	(804)	(2,455)
Impairment loss on goodwill	*6(c)*	(23,009)	(72,089)	(56,571)
Impairment loss on property, plant and equipment	*6(c)*	–	(3,578)	(21,977)
Loss from operations		(1,427,699)	(1,823,680)	(1,527,900)
Finance costs	*6(a)*	(20,464)	(22,596)	(19,508)
Change in carrying amount of redemption liabilities	30	(124,228)	–	–
Share of profits less losses of associates	16	(1,065)	5,572	(415)
Loss before taxation	6	(1,573,456)	(1,840,704)	(1,547,823)
Income tax credit	*7(a)*	3,180	3,240	468
Loss for the year		(1,570,276)	(1,837,464)	(1,547,355)

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended December 31,		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Loss for the year		(1,570,276)	(1,837,464)	(1,547,355)
Other comprehensive income for the year (after tax and reclassification adjustments):				
Items that may be reclassified subsequently to profit or loss:				
— Financial assets at fair value through other comprehensive income — net movement in other reserve		(12)	12	–
— Exchange differences on translation of financial statements of overseas subsidiaries		556	925	(1,944)
Other comprehensive income for the year		544	937	(1,944)
Total comprehensive income for the year		(1,569,732)	(1,836,527)	(1,549,299)
Loss per share				
— Basic and diluted (RMB)	*10*	(0.91)	(0.96)	(0.77)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	253,444	451,712	416,480
Right-of-use assets	12	403,984	425,284	370,211
Intangible assets	13	556,820	475,077	362,057
Goodwill	14	183,155	111,066	54,495
Interests in associates	16	14,821	17,744	17,329
Time deposits with banks	23	–	101,507	104,659
Other non-current assets	17	794,634	764,363	441,116
		2,206,858	2,346,753	1,766,347
Current assets				
Inventories	18	417,518	328,646	367,638
Trade receivables	19	673,323	766,665	755,805
Prepayments and other receivables	20	170,375	136,206	353,543
Financial assets measured at FVPL	21	250,359	963,273	–
Financial assets at fair value through other comprehensive income ("FVOCI")	22	4,082	–	–
Restricted cash	23	25,226	21,482	33,321
Time deposits with banks	23	430,761	981,342	–
Cash and cash equivalents	23	981,766	808,060	1,587,739
		2,953,410	4,005,674	3,098,046
Current liabilities				
Trade payables	24	425,318	298,987	339,742
Accruals and other payables	25	532,432	499,960	396,260
Contract liabilities	26	10,372	17,574	69,251
Lease liabilities	27	50,642	53,184	36,177
Current taxation	31	227	13	28
		1,018,991	869,718	841,458
Net current assets		1,934,419	3,135,956	2,256,588
Total assets less current liabilities		4,141,277	5,482,709	4,022,935

The accompanying notes form part of the Historical Financial Information.

		As at December 31,		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*27*	376,325	403,897	369,284
Deferred income	*28*	14,575	3,722	15,922
Deferred tax liabilities	*31*	3,962	674	–
Other non-current liability	*29*	–	5,250	10,500
		394,862	413,543	395,706
Net assets		3,746,415	5,069,166	3,627,229
Capital and reserves				
Paid-in capital/share capital	*33(c)*	46,176	2,020,210	2,020,210
Reserves	*33(d)*	3,700,239	3,048,956	1,607,019
Total equity		3,746,415	5,069,166	3,627,229

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	127,294	237,087	212,948
Right-of-use assets	*12*	82,531	58,501	48,798
Intangible assets	*13*	537,657	470,719	360,342
Goodwill	*14*	95,083	95,083	54,495
Interests in subsidiaries	*15*	878,849	990,657	1,040,538
Interests in associates	*16*	14,821	17,744	17,329
Time deposits with banks	*23*	–	101,507	104,659
Other non-current assets	*17*	665,921	607,780	508,383
		2,402,156	2,579,078	2,347,492
Current assets				
Inventories	*18*	418,332	250,995	305,777
Trade receivables	*19*	736,859	836,136	833,794
Prepayments and other receivables	*20*	791,068	1,665,171	2,665,253
Financial assets measured at FVPL	*21*	250,359	963,273	–
Financial assets at FVOCI	*22*	4,082	–	–
Restricted cash	*23*	10,223	12,332	17,541
Time deposits with banks	*23*	430,761	981,342	–
Cash and cash equivalents	*23*	792,079	772,649	1,541,061
		3,433,763	5,481,898	5,363,426
Current liabilities				
Trade payables	*24*	273,504	184,615	147,688
Accruals and other payables	*25*	525,029	1,225,509	2,008,217
Contract liabilities	*26*	8,879	11,412	68,793
Lease liabilities	*27*	10,563	9,402	9,321
		817,975	1,430,938	2,234,019
Net current assets		2,615,788	4,050,960	3,129,407
Total assets less current liabilities		5,017,944	6,630,038	5,476,899

The accompanying notes form part of the Historical Financial Information.

		As at December 31,		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*27*	80,925	54,211	45,141
Deferred income	*28*	8,868	2,844	15,860
Other non-current liability	*29*	–	5,250	10,500
		89,793	62,305	71,501
NET ASSETS		4,928,151	6,567,733	5,405,398
CAPITAL AND RESERVES				
Paid-in capital/share capital	*33(c)*	46,176	2,020,210	2,020,210
Reserves	*33(d)*	4,881,975	4,547,523	3,385,188
TOTAL EQUITY		4,928,151	6,567,733	5,405,398

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	**Paid-in capital/share capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		38,876	(151,083)	(865)	186,824	(1,866,688)	(1,792,936)
Changes in equity for 2022							
Loss for the year		–	–	–	–	(1,570,276)	(1,570,276)
Other comprehensive income for the year		–	–	544	–	–	544
Total comprehensive income for the year		–	–	544	–	(1,570,276)	(1,569,732)
Capital injection from shareholders		7,300	50,014	–	–	–	57,314
Equity-settled share-based payment expenses	*32*	–	–	–	183,064	–	183,064
Termination of redemption liabilities	*30*	–	6,868,705	–	–	–	6,868,705
Conversion into a joint stock company with limited liability		–	(1,568,639)	395	–	1,568,244	–
Balance at December 31, 2022 and January 1, 2023		46,176	5,198,997	74	369,888	(1,868,720)	3,746,415

	Note	**Share capital**	**Capital reserve**	**Other reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		46,176	5,198,997	74	369,888	(1,868,720)	3,746,415
Changes in equity for 2023							
Loss for the year		–	–	–	–	(1,837,464)	(1,837,464)
Other comprehensive income for the year		–	–	937	–	–	937
Total comprehensive income for the year		–	–	937	–	(1,837,464)	(1,836,527)
Capital injection from shareholders		6,988	3,019,509	–	–	–	3,026,497
Capital reserve converted into share capital		1,967,046	(1,967,046)	–	–	–	–
Equity-settled share-based payment expenses	*32*	–	–	–	132,781	–	132,781
Balance at December 31, 2023 and January 1, 2024		2,020,210	6,251,460	1,011	502,669	(3,706,184)	5,069,166

	Note	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		2,020,210	6,251,460	1,011	502,669	(3,706,184)	5,069,166
Changes in equity for 2024							
Loss for the year		–	–	–	–	(1,547,355)	(1,547,355)
Other comprehensive income for the year		–	–	(1,944)	–	–	(1,944)
Total comprehensive income for the year		–	–	(1,944)	–	(1,547,355)	(1,549,299)
Equity-settled share-based payment expenses	*32*	–	–	–	107,362	–	107,362
Balance at December 31, 2024		2,020,210	6,251,460	(933)	610,031	(5,253,539)	3,627,229

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Loss before taxation		(1,573,456)	(1,840,704)	(1,547,823)
Adjustments for:				
Amortization and depreciation	*6*	378,642	490,399	486,528
Impairment losses under expected credit loss model, net of reversal	*6*	3,236	804	2,455
Impairment of goodwill	*6*	23,009	72,089	56,571
Impairment loss on property, plant and equipment	*6*	–	3,578	21,977
Finance costs	*6*	20,464	22,596	19,508
Net foreign exchange gain	*5*	(70,376)	(17,102)	(20,878)
Equity-settled share-based payment expenses	*32*	183,064	132,781	107,362
Change in carrying amount of redemption liabilities	*30*	124,228	–	–
Share of losses/(profit) of associates	*16*	1,065	(5,572)	415
(Gain)/losses on disposal of property, plant and equipment	*5*	(117)	(5,590)	491
Investment income from time deposits with banks	*5*	(10,573)	(22,660)	(13,854)
Investment income from financial assets measured at FVPL	*5*	(23,634)	(18,027)	(10,541)
Fair value change of contingent acquisition consideration	*5*	(25,282)	–	–
Changes in working capital:				
(Increase)/decrease in inventories		(298,948)	88,872	(38,992)
(Increase)/decrease in restricted cash		(20,444)	3,744	(11,839)
(Increase)/decrease in trade receivables		(253,654)	(89,731)	7,890
Decrease/(increase) in prepayment and other receivables, and other non-current assets		38,713	64,167	(25,135)
Increase/(decrease) in trade payables		110,105	(126,331)	40,755
Increase in contract liabilities		5,643	7,202	51,677
(Decrease)/increase in other operating liabilities		(42,601)	(11,066)	92,971
Cash used in operations		(1,430,916)	(1,250,551)	(780,462)
Income tax paid	*31*	(123)	(267)	(192)
Net cash used in operating activities		(1,431,039)	(1,250,818)	(780,654)

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended December 31, 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Investing activities				
Payments for purchase of property, plant and equipment and intangible assets		(428,128)	(533,366)	(353,953)
Proceeds from disposal of property, plant and equipment		–	58	363
Payment to acquire interest of an associate		–	(2,280)	–
Proceeds from disposal of interests in associates		–	4,929	–
Payments for time deposits with bank		(388,938)	(2,082,362)	(660,000)
Proceeds from time deposits with bank matured		169,646	1,431,654	1,640,000
Payments for financial assets at FVTPL		(8,160,000)	(5,130,000)	(2,486,000)
Proceeds from disposals of financial assets at fair value through profit or loss		8,340,000	4,420,000	3,446,000
Investment income from time deposits with banks		9,380	21,280	12,044
Investment income from FVTPL		24,692	15,113	13,814
Payments for acquisition consideration under business combination		(82,884)	(36,846)	–
Net cash (used in)/generated from investing activities		(516,232)	(1,891,820)	1,612,268
Financing activities				
Capital element of lease payments	*23(c)*	(37,554)	(43,774)	(43,655)
Interest element of lease payments	*23(c)*	(20,464)	(22,596)	(19,508)
Capital contributions by equity shareholders of the Company		57,314	3,026,497	–
Net cash (used in)/generated from financing activities		(704)	2,960,127	(63,163)
Net (decrease)/increase in cash and cash equivalents		(1,947,975)	(182,511)	768,451
Cash and cash equivalents at the beginning of the year		2,877,359	981,766	808,060
Effects of exchange rate changes on the balance of cash held in foreign currencies		52,382	8,805	11,228
Cash and cash equivalents at the end of the year		981,766	808,060	1,587,739

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Beijing ESWIN Computing Technology Co., Ltd. (北京奕斯偉計算技術股份有限公司 (the "Company"), was established in the People's Republic of China (the "PRC") on September 24, 2019 as a limited liability company. In June 2022, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, "the Group") are principally engaged in design, research and development and sales of smart device solutions and embodied intelligence solutions.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries and regions in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended December 31, 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). The statutory financial statements of the Company for the year ended December 31, 2024 was prepared in accordance with the PRC GAAP and audited by Zhongding Certified Public Accountants Co., Ltd (北京鼎中諸和會計師事務所(普通合夥)).

As of the date of this report, the Company has direct or indirect interest in the following principal subsidiaries, all of which are private companies:

Company name	Place of incorporation and business and date of incorporation	Particulars of registered capital and paid-up capital	Proportion of ownership interest held by the Group	Principal activities
Chengdu ESWIN IC Technology Co., Ltd. 成都奕斯偉計算技術有限公司 (i) (ii). . . .	Chengdu, China 28 December 2016	RMB135,000,000/ RMB135,000,000	100%	Design, research and development of processing hardware
Hefei ESWIN Computing Technology Co., Ltd. 合肥奕斯偉計算技術有限公司 (i) (iii) . . .	Hefei, China 10 August 2016	RMB15,000,000/ RMB11,000,000	100%	Design, research and development of processing hardware
Beijing ESWIN IT Co., Ltd. 北京奕斯偉信息技術有限公司 (i) (ii) .	Beijing, China 2 November 2018	RMB17,377,513/ RMB17,377,513	100%	No substantial business activities
Haining ESWIN Computing Technology Co., Ltd. 海寧奕斯偉計算技術有限公司 (i) (iv) . . .	Haining, China 26 June 2019	RMB30,000,000/ RMB30,000,000	100%	Design, research and development of processing hardware
ESWIN Technology (Hong Kong) Company Limited 奕斯偉科技香港有限公司 (v)	Hong Kong 03 July 2017	HKD100,000/ HKD100,000	100%	Distribution of processing hardware
Suzhou ESWIN Computing Technology Co., Ltd. 蘇州奕斯偉計算技術有限公司 (i) (ii). . . .	Suzhou, China 01 March 2021	RMB10,000,000/ RMB1,000,000	100%	Design, research and development of processing hardware
Shanghai ESWIN Computing Technology Co., Ltd. 上海奕斯偉計算技術有限公司 (i) (ii). . . .	Shanghai, China 28 June 2021	RMB10,000,000/ RMB10,000,000	100%	Design, research and development of processing hardware

Company name	Place of incorporation and business and date of incorporation	Particulars of registered capital and paid-up capital	Proportion of ownership interest held by the Group	Principal activities
Xi'an ESWIN Computing Technology Co., Ltd. 西安奕斯偉計算技術有限公司 (i) (ii). . . .	Xi'an, China 31 August 2021	RMB100,000,000/ RMB96,000,000	100%	Design, research and development of processing hardware
Nanjing ESWIN Computing Technology Co., Ltd. 南京奕斯偉計算技術有限公司 (i) (ii). . . .	Nanjing, China 01 November 2021	RMB10,000,000/ RMB2,000,000	100%	Design, research and development of processing hardware
Shenzhen ESWIN Computing Technology Co., Ltd. 深圳奕斯偉計算技術有限公司 (i) (ii). . . .	Shenzhen, China 13 July 2022	RMB1,000,000/ RMB1,000,000	100%	Design, research and development of processing hardware
Hangzhou ESWIN Computing Technology Co., Ltd. 杭州奕斯偉計算技術有限公司 (i) (ii). . . .	Hangzhou, China 21 October 2022	RMB1,000,000/ RMB500,000	100%	Design, research and development of processing hardware
Beijing ESWIN System Technology Co., Ltd. 北京奕斯偉系統科技有限公司 (i) (ii). . . .	Beijing, China 14 December 2022	RMB10,000,000/ RMB10,000,000	100%	Distribution of processing hardware
Chengdu ESWIN IC Design Co., Ltd. 成都奕斯偉芯片設計有限公司 (i) (vi).	Chengdu, China 12 July 2017	RMB100,000,000/ RMB100,000,000	100%	Design, research and development of processing hardware

Notes:

(i) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of these entities are in Chinese. The English translation is included for identification purpose only.

(ii) The statutory financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所(特殊普通合夥)).

(iii) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). No audited statutory financial statements for the year ended December 31, 2024 have been issued.

(iv) The statutory financial statements of this entity for the year ended December 31, 2022 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)). The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP (中興華會計師事務所 (特殊普通合夥)).

(v) The statutory financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities Accounting Standard issued by the HKICPA and audited by LEE CHI FAI & CO. CERTIFIED PUBLIC ACCOUNTANTS.

(vi) This entity was deregistered in October 2024.

All companies comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2024 are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- financial assets measured at FVPL (see Note 2(f))

- financial assets measured at FVOCI (See Note 2(f))

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group has elected to measure any non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognized at cost, which includes transaction costs. Subsequently, the financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associates, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)(ii)).

(f) Other investments in securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 34(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss (see Note 2(t(ii)(a))).

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(g) Property, plant and equipment

Property, plant and equipment including right-of-use assets arising from leases of underlying plant and equipment, are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)):

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Machinery equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	The shorter of the unexpired term of lease and estimated useful lives

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets including non-proprietary technology, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(j)(ii)).

Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful life for non-proprietary technology, licensing rights and software were decided with reference to the shortest period among the expected service life and the expected beneficial life. The estimated useful lives are as follows:

Category	Estimated useful lives
Non-proprietary technology	3-5 years
Software	3-10 years
Licensing rights	2-10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(j)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables).

Financial assets measured at FVPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls of fixed-rate financial assets, trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past the contractual due date.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being past the contractual due date;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

— it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(l) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(t)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see Note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)).

(m) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities are classified as current liabilities when some of the redemption events could occur anytime. The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The Group operates share incentive plans, under which it receives services from eligible participants as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized in profit or loss with a corresponding increase in share-based payments reserve in equity.

Share options

The total amount to be expensed under share option scheme is determined by reference to the fair value of the options granted using option-pricing models.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The equity amount is recognized in the share-based payment reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(a) Revenue from sales of smart device solutions and embodied intelligence solutions

The Group's sales contracts/orders with customers typically contain various trade terms. Depending on different trade terms, control of goods is generally transferred to customers either upon delivery and acceptance of goods, or when received by carriers, at which point the Group recognizes revenue.

(b) Revenue from rendering of services

Revenue is recognized when the customer takes possession of and accepts the services.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the asset by way of being recognized in other income.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 14 and 34 contain information about the assumptions and their risk factors relating to goodwill impairment, measurement of ECL allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Impairment of non-current assets other than financial assets

If circumstances indicate that the carrying amount of a non-current asset other than financial assets may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in accordance with accounting policy for impairment of non-current assets as described in Note 2(j)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realizable value.

(iii) Useful life of intangible assets and property, plant and equipment

Intangible assets are amortized and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted if there are significant changes from previous estimates.

(iv) Share-based compensation arrangement and its fair value measurement

The Group measures the cost of share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The determination of the fair value of the share-based payments is affected by the significant assumptions such as the underlying equity value, the expected volatility of share price and risk-free interest rate. Details of share-based payments are contained in Note 32.

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in design, research and development and sales of smart device solutions and embodied intelligence solutions.

(a) Revenue

(i) Disaggregation of revenue

The Group's revenue from contracts with customers were recognized at a point in time during the Relevant Periods.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by service lines			
Sale of solutions			
— Smart device solutions	1,760,989	1,635,553	1,791,636
— Embodied intelligence solutions	193,795	65,858	188,698
License and services	44,934	50,774	45,045
	1,999,718	1,752,185	2,025,379

During the Relevant Periods, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below. Details of concentrations of credit risk of the Group are set out in Note 34(a).

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	1,577,910	1,437,876	1,555,248

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than 1 year.

(b) Segment reporting

(i) Segment results

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the Relevant Periods.

(ii) Geographic information

The Group's operations are mainly located in the Chinese mainland.

Information about the geographical location of the Group's revenue from external customers is presented based on location of customers where they registered or located.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by geographical location of the customers			
Chinese mainland	283,551	192,003	389,699
Hong Kong, China	1,583,276	1,464,118	1,592,076
Taiwan, China	75,659	72,668	23,364
Overseas	57,232	23,396	20,240
	1,999,718	1,752,185	2,025,379

The non-current assets located overseas are immaterial.

5 OTHER NET INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants	34,160	53,554	99,285
Interest income	22,110	28,261	34,470
Investment income from time deposits with banks	10,573	22,660	13,854
Investment income from financial assets at FVTPL	23,634	18,027	10,541
Fair value change of contingent acquisition consideration	25,282	–	–
Exchange gain	70,376	17,102	20,878
Gain/(loss) on disposal of property, plant and equipment and right-of-use assets	117	5,590	(491)
Others	282	1,962	(515)
	186,534	147,156	178,022

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	20,464	22,596	19,508

(b) Staff costs

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	1,214,257	1,217,563	1,112,306
Contributions to defined contribution retirement schemes	74,506	83,015	78,346
Equity-settled share-based payment expenses *(Note 32)*	183,064	132,781	107,362
	1,471,827	1,433,359	1,298,014

(i) Defined contribution retirement plans

Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments where the subsidiaries are registered. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the scheme to fund the retirement benefits of the employees.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of inventories sold*	1,481,337	1,481,957	1,667,839
Amortization of intangible assets	252,956	326,782	289,073
Depreciation charge			
— Property, plant and equipment	66,047	104,536	150,578
— Right-of-use assets	59,639	59,081	46,877
Impairment losses under expected credit loss model, net of reversal	3,236	804	2,455
Impairment loss on goodwill	23,009	72,089	56,571
Impairment loss on property, plant and equipment	–	3,578	21,977

* Cost of inventories include RMB25,832,000, RMB33,256,000 and RMB70,835,000 relating to staff costs, depreciation and amortization expenses for each of the years ended December 31, 2022, 2023 and 2024, respectively, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	283	53	207
Deferred tax			
Origination and reversal of temporary differences	(3,463)	(3,293)	(675)
Income tax credit	(3,180)	(3,240)	(468)

(b) Reconciliation between tax expense and accounting profit or loss at applicable tax rates:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(1,573,456)	(1,840,704)	(1,547,823)
Notional tax calculated at tax rate of 15% *(Notes (i) and (ii))*	(236,018)	(276,106)	(232,173)
Effect of different tax rates of foreign jurisdictions and subsidiaries at PRC statutory tax rate *(Note (iv))*	(47,382)	(17,846)	(21,140)
Non-deductible expenses	19,563	15,819	3,314
Additional tax deduction on research and development expenses *(Note (iii))*	(109,167)	(162,813)	(166,530)
Temporary differences and tax losses not recognized	369,824	437,706	416,061
Actual tax credit	(3,180)	(3,240)	(468)

Notes:

(i) The Company and the subsidiaries of the Group established in Chinese mainland are subject to the PRC Corporate Income Tax rate of 25% during the Relevant Periods except for those subject to tax concessions disclosed in the notes below.

(ii) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE"), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

The Company obtained the HNTE certificate in December 2021 and December 2024, and is qualified as a HNTE and entitled to the preferential tax rate of 15% for the three calendar years ended December 31, 2022, 2023 and 2024.

(iii) According to the relevant tax rules in Chinese mainland, qualified research and development expenses are allowed for additional tax deduction based on 75% or 100% of the relevant expenses during the Relevant Periods.

(iv) According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 2.5% or 5%. Certain subsidiaries were qualified as small and low profit enterprise and entitled preferential income tax rate for the year ended December 31, 2022, 2023 and 2024.

The provision for Hong Kong Profits Tax for each of the reporting period is calculated at 16.5% of the estimated assessable profits for the year, except for the subsidiary which is under the two-tiered profits tax rate regime, i.e. the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Company's subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the years ended December 31, 2022, 2023, 2024 are as followings:

	Year ended December 31, 2022						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (iii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,885	–	58	–	1,943	7,093	9,036
Mr. Wang Bo (appointed on May 31, 2022)	956	–	–	–	956	5,758	6,714
Mr. Mi Peng	1,287	–	58	–	1,345	3,329	4,674
Ms. Wang Wenqi (resigned on May 31, 2022)	398	–	23	–	421	519	940
Sub-total	4,526	–	139	–	4,665	16,699	21,364
Non-executive directors							
Mr. Sun Dafei (resigned on May 31, 2022)	–	–	–	–	–	–	–
Mr. Wang Jiaheng	–	–	–	–	–	–	–
Mr. Fang Xiangming	–	–	–	–	–	–	–
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Supervisors							
Ms. Wu Xi (resigned on May 31, 2022)	312	–	23	–	335	152	487
Mr. Sun Dafei (appointed on May 31, 2022)	–	–	–	–	–	–	–
Mr. Liu Shuai (appointed on May 31, 2022)	–	–	–	–	–	173	173
Mr. Wang Qi (appointed on May 10, 2022)	299	63	30	–	392	30	422
Sub-total	611	63	53	–	727	355	1,082
Total	**5,137**	**63**	**192**	**–**	**5,392**	**17,054**	**22,446**

	Year ended December 31, 2023						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments *Note (iii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,892	–	63	–	1,955	28,140	30,095
Mr. Wang Bo	1,638	–	–	–	1,638	5,543	7,181
Mr. Mi Peng	1,292	–	63	–	1,355	1,911	3,266
Sub-total	4,822	–	126	–	4,948	35,594	40,542
Non-executive directors							
Mr. Wang Jiaheng (resigned on July 31, 2023)	–	–	–	–	–	–	–
Mr. Fang Xiangming (resigned on July 31, 2023)	–	–	–	–	–	–	–
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai (appointed on July 31, 2023)	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong (appointed on July 31, 2023)	–	–	–	50	50	–	50
Mr. Zhang Chun (appointed on July 31, 2023)	–	–	–	50	50	–	50
Ms. Zhang Xiaojun (appointed on July 31, 2023)	–	–	–	50	50	–	50
Sub-total	–	–	–	150	150	–	150
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	282	282
Mr. Wang Qi	466	41	57	–	564	128	692
Sub-total	466	41	57	–	564	410	974
Total	**5,288**	**41**	**183**	**150**	**5,662**	**36,004**	**41,666**

	Year ended December 31, 2024						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fee	Sub-total	Share-based payments Note (iii)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Wang Dongsheng	1,834	–	22	–	1,856	28,218	30,074
Mr. Wang Bo	1,638	–	–	–	1,638	3,006	4,644
Mr. Mi Peng	1,537	–	66	–	1,603	894	2,497
Sub-total	5,009	–	88	–	5,097	32,118	37,215
Non-executive directors							
Mr. Li Jiaqing	–	–	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–	–	–
Mr. Zhang Shuai	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Lyu Wendong	–	–	–	120	120	–	120
Mr. Zhang Chun	–	–	–	120	120	–	120
Ms. Zhang Xiaojun	–	–	–	120	120	–	120
Sub-total	–	–	–	360	360	–	360
Supervisors							
Mr. Sun Dafei	–	–	–	–	–	–	–
Mr. Liu Shuai	–	–	–	–	–	111	111
Mr. Wang Qi	573	40	66	–	679	56	735
Sub-total	573	40	66	–	679	167	846
Total	**5,582**	**40**	**154**	**360**	**6,136**	**32,285**	**38,421**

Notes:

(i) Mr. Hu Weihao was appointed as an executive director in April 2025. Mr. Li Guangning was appointed as a non-executive director in April 2025.

(ii) Mr. Chu Howard Ho Hwa was appointed as an independent non-executive director of the Company in April 2025.

(iii) These represent the estimated value of share options granted to the directors under the Group's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 32(a).

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors, supervisors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the year ended December 31, 2022, 2023 and 2024 are set forth below:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	*Number of individuals*	*Number of Individuals*
Directors	2	2	2
Non-directors	3	3	3
	5	5	5

The emoluments of directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,554	4,391	4,826
Discretionary bonuses	1,009	132	480
Retirement scheme contributions	214	194	199
Share-based payments	21,376	12,300	5,398
	27,153	17,017	10,903

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$3,500,001 to HK$4,000,000	–	–	2
HK$4,000,001 to HK$4,500,000	–	–	1
HK$5,000,001 to HK$5,500,000	–	1	–
HK$5,500,001 to HK$6,000,000	–	1	–
HK$7,500,001 to HK$8,000,000	–	1	–
HK$8,000,001 to HK$8,500,000	1	–	–
HK$11,000,001 to HK$11,500,000	1	–	–
HK$11,500,001 to HK$12,000,000	1	–	–

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share during the Relevant Periods is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As described in Note 33(c)(i), the Company converted into a joint stock company with limited liability and issued 46,176,000 shares with the par value of RMB1 each in June 2022. For the purpose of computing basic loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion had occurred since January 1, 2022, at the exchange ratio established in the conversion in June 2022.

In addition, the Company issued 37 shares for each share in issue (1,967,046,000 shares in total) by converting RMB1,967,046,000 from capital reserve to share capital in August 2023. Accordingly, the weighted average number of ordinary shares has also been adjusted retrospectively from January 1, 2022 for such capitalization issue.

(i) Loss of the year attributable to ordinary equity shareholders of the Company

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year attributable to all equity shareholders of the Company	(1,570,276)	(1,837,464)	(1,547,355)
Allocation of loss for the year attributable to the ordinary shares with redemption right issued to investor *(Note 30)*	278,685	–	–
Loss for the year attributable to ordinary equity shareholders of the Company	(1,291,591)	(1,837,464)	(1,547,355)

(ii) Weighted average number of shares

	Year ended December 31,		
	2022	**2023**	**2024**
	'000	*'000*	*'000*
Ordinary shares deemed to be in issue or in issue at January 1	38,876	46,176	2,020,210
Effect of ordinary shares deemed to be issued or issued during the period	6,691	4,024	–
Effect of ordinary shares with redemption right issued to investors *(Note 30)*	(8,087)	–	–
Effect of capitalization issue *(Note 33(c)(ii))*	1,386,760	1,857,400	–
Weighted average number of ordinary shares deemed to be in issue or in issue at December 31	1,424,240	1,907,600	2,020,210

(b) Diluted loss per share

Share options (Note 32) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share for each year during the Relevant Periods were the same as basic loss per share of the respective periods.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery equipment	Office equipment	Leasehold improvements	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	103,624	66,330	64,207	3,021	237,182
Additions	113,182	11,617	5,632	26,755	157,186
Disposals	(1,036)	(20)	–	–	(1,056)
Transfer within property, plant and equipment	1,629	–	–	(1,629)	–
Exchange adjustments	62	(89)	–	–	(27)
At December 31, 2022 and at January 1, 2023	217,461	77,838	69,839	28,147	393,285
Additions	172,164	8,358	11,063	114,792	306,377
Disposals	(2,012)	(1,495)	–	–	(3,507)
Transfer within property, plant and equipment	6,859	–	107,268	(114,127)	–
Exchange adjustments	163	548	–	–	711
At December 31, 2023 and at January 1, 2024	394,635	85,249	188,170	28,812	696,866
Additions	110,531	4,011	695	22,944	138,181
Disposals	(28,652)	(1,370)	–	–	(30,022)
Transfer within property, plant and equipment	25,856	–	3,120	(28,976)	–
Exchange adjustments	(670)	(410)	–	–	(1,080)
	–	–	–	–	–
At December 31, 2024	501,700	87,480	191,985	22,780	803,945
Accumulated depreciation:					
At January 1, 2022	37,702	33,324	1,439	–	72,465
Charge for the year	40,041	15,836	10,170	–	66,047
Written back on disposals	(455)	(17)	–	–	(472)
Exchange adjustments	48	(69)	–	–	(21)
At December 31, 2022 and at January 1, 2023	77,336	49,074	11,609	–	138,019
Charge for the year	77,620	13,504	13,412	–	104,536
Written back on disposals	(1,896)	(1,264)	–	–	(3,160)
Exchange adjustments	159	254	–	–	413
At December 31, 2023 and at January 1, 2024	153,219	61,568	25,021	–	239,808
Charge for the year	113,126	12,436	25,016	–	150,578
Written back on disposals	(22,835)	(1,333)	–	–	(24,168)
Exchange adjustments	(526)	(205)	–	–	(731)
At December 31, 2024	242,984	72,466	50,037	–	365,487

	Machinery equipment	Office equipment	Leasehold improvements	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment losses:					
At January 1, 2022 and December 31, 2022 and at January 1, 2023	1,822	–	–	–	1,822
Provided for the year	3,578	–	–	–	3,578
Written back on disposals	(54)	–	–	–	(54)
At December 31, 2023 and at January 1, 2024	5,346	–	–	–	5,346
Provided for the year	21,126	–	129	722	21,977
Written back on disposals	(5,345)	–	–	–	(5,345)
At December 31, 2024	21,127	–	129	722	21,978
Net book value:					
At December 31, 2022	138,303	28,764	58,230	28,147	253,444
At December 31, 2023	236,070	23,681	163,149	28,812	451,712
At December 31, 2024	237,589	15,014	141,819	22,058	416,480

The Company

	Machinery equipment	Office equipment	Leasehold improvements	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	24,330	10,143	51,616	2,498	88,587
Additions	57,668	5,271	1,288	3,983	68,210
Disposals	(541)	(286)	–	–	(827)
Transfer within property, plant and equipment	1,629	–	–	(1,629)	–
At December 31, 2022 and at January 1, 2023	83,086	15,128	52,904	4,852	155,970
Additions	99,674	2,058	9,907	49,218	160,857
Disposal	–	(50)	–	–	(50)
Transfer within property, plant and equipment	6,488	–	27,856	(34,344)	–
At December 31, 2023 and at January 1, 2024	189,248	17,136	90,667	19,726	316,777
Additions	38,630	597	298	15,680	55,205
Disposal	(10,687)	(163)	–	–	(10,850)
Transfer within property, plant and equipment	24,631	–	2,650	(27,281)	–
	–	–	–	–	–
At December 31, 2024	241,822	17,570	93,615	8,125	361,132

	Machinery equipment	Office equipment	Leasehold improvements	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:					
At January 1, 2022	3,003	2,591	760	–	6,354
Charge for the year	15,022	3,528	4,051	–	22,601
Written back on disposals	(209)	(70)	–	–	(279)
At December 31, 2022 and at January 1, 2023	17,816	6,049	4,811	–	28,676
Charge for the year	34,349	4,841	8,294	–	47,484
Written back on disposals	–	(48)	–	–	(48)
At December 31, 2023 and at January 1, 2024	52,165	10,842	13,105	–	76,112
Charge for the year	53,200	4,006	16,587	–	73,793
Written back on disposals	(7,106)	(157)	–	–	(7,263)
At December 31, 2024	98,259	14,691	29,692	–	142,642
Impairment losses:					
At January 1, 2022 and December 31, 2022 and at January 1, 2023	–	–	–	–	–
Provided for the year	3,578	–	–	–	3,578
At December 31, 2023 and at January 1, 2024	3,578	–	–	–	3,578
Provided for the year	4,691	–	129	722	5,542
Written back on disposals	(3,578)	–	–	–	(3,578)
At December 31, 2024	4,691	–	129	722	5,542
Net book value:					
At December 31, 2022	65,270	9,079	48,093	4,852	127,294
At December 31, 2023	133,505	6,294	77,562	19,726	237,087
At December 31, 2024	138,872	2,879	63,794	7,403	212,948

Impairment loss

During the Relevant Periods, a number of machines and equipment within certain business units had become obsolete and ceased to be operational. At each reporting year end, the Group assessed the recoverable amounts of those assets were nil and as a result the carrying amount of the machines was written down to their recoverable amount. An impairment loss of RMB3,578,000 and RMB21,977,000 was recognized for the year ended December 31, 2023 and 2024 respectively in "Impairment loss on property, plant and equipment". The estimates of recoverable amount were based on the machines' value in use.

12 RIGHT-OF-USE ASSETS

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1	230,203	492,529	536,678
Additions	269,494	124,734	1,949
Disposals	(6,976)	(81,157)	(40,937)
Exchange adjustments	(192)	572	(1,094)
At December 31	492,529	536,678	496,596
Accumulated depreciation:			
At January 1	30,815	88,545	111,394
Charge for the year	59,639	59,081	46,877
Written back on disposals	(1,858)	(36,461)	(31,451)
Exchange adjustments	(51)	229	(435)
At December 31	88,545	111,394	126,385
Net book value:			
At December 31	403,984	425,284	370,211

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1	108,395	108,395	91,390
Additions	–	1,798	–
Disposals	–	(18,803)	(7,834)
At December 31	108,395	91,390	83,556
Accumulated depreciation:			
At January 1	10,851	25,864	32,889
Charge for the year	15,013	9,556	9,703
Written back on disposals	–	(2,531)	(7,834)
At December 31	25,864	32,889	34,758
Net book value:			
At December 31	82,531	58,501	48,798

All of the Group's leased properties are its office buildings through tenancy agreements. The leases typically run for an initial period of 5 to 20 years. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	59,639	59,081	46,877
Expense relating to short-term leases	1,152	4,111	1,074
Interest on lease liabilities *(Note 6(a))*	20,464	22,596	19,508

Details of total cash outflow for leases is set out in Note 23(d).

13 INTANGIBLE ASSETS

The Group

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	407,989	143,209	251,383	802,581
Additions	48,258	12,474	255,457	316,189
At December 31, 2022 and at January 1, 2023	456,247	155,683	506,840	1,118,770
Additions	–	173,569	71,470	245,039
At December 31, 2023 and at January 1, 2024	456,247	329,252	578,310	1,363,809
Additions	–	1,948	174,105	176,053
Disposals	(104,561)	–	–	(104,561)
At December 31, 2024	351,686	331,200	752,415	1,435,301
Accumulated amortization:				
At January 1, 2022	162,490	64,010	74,015	300,515
Charge for the year	70,032	44,203	138,721	252,956
At December 31, 2022 and at January 1, 2023	232,522	108,213	212,736	553,471
Charge for the year	76,805	46,389	203,588	326,782
At December 31, 2023 and at January 1, 2024	309,327	154,602	416,324	880,253
Charge for the year	49,658	56,899	182,516	289,073
Written back on disposals	(96,654)	–	–	(96,654)
At December 31, 2024	262,331	211,501	598,840	1,072,672
Impairment losses:				
At January 1, 2022, and at December 31, 2022 and 2023	7,907	–	572	8,479
Written back on disposals	(7,907)	–	–	(7,907)
At December 31, 2024	–	–	572	572
Net book value:				
At December 31, 2022	215,818	47,470	293,532	556,820
At December 31, 2023	139,013	174,650	161,414	475,077
At December 31, 2024	89,355	119,699	153,003	362,057

The Company

	Non-proprietary technology	Software	Licensing rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	240,072	134,988	246,313	621,373
Additions	47,046	12,130	250,271	309,447
At December 31, 2022 and at January 1, 2023	287,118	147,118	496,584	930,820
Additions	–	172,553	71,081	243,634
At December 31, 2023 and at January 1, 2024	287,118	319,671	567,665	1,174,454
Additions	–	1,751	173,505	175,256
At December 31, 2024	287,118	321,422	741,170	1,349,710
Accumulated amortization:				
At January 1, 2022	29,291	59,761	71,147	160,199
Charge for the year	56,666	41,800	133,926	232,392
At December 31, 2022 and at January 1, 2023	85,957	101,561	205,073	392,591
Charge for the year	63,723	45,181	201,668	310,572
At December 31, 2023 and at January 1, 2024	149,680	146,742	406,741	703,163
Charge for the year	48,083	56,141	181,409	285,633
At December 31, 2024	197,763	202,883	588,150	988,796
Impairment losses:				
At January 1 and December 31, 2022, 2023 and 2024	–	–	572	572
Net book value:				
At December 31, 2022	201,161	45,557	290,939	537,657
At December 31, 2023	137,438	172,929	160,352	470,719
At December 31, 2024	89,355	118,539	152,448	360,342

14 GOODWILL

The Group

	Goodwill
	RMB'000
Cost:	
At January 1, 2022 and at December 31, 2022, 2023, 2024	228,650
Accumulated impairment losses:	
At January 1, 2022	(22,486)
Charge for the year	(23,009)
At December 31, 2022 and at January 1, 2023	(45,495)
Charge for the year	(72,089)
At December 31, 2023 and at January 1, 2024	(117,584)
Charge for the year	(56,571)
At December 31, 2024	(174,155)
Carrying amount:	
At December 31, 2022	183,155
At December 31, 2023	111,066
At December 31, 2024	54,495

The Company

	Goodwill
	RMB'000
Cost:	
At January 1, 2022 and at December 31, 2022, 2023, 2024	132,797
Accumulated impairment losses:	
At January 1, 2022	(14,705)
Charge for the year	(23,009)
At December 31, 2022 and at January 1, 2023	(37,714)
Charge for the year	–
At December 31, 2023 and at January 1, 2024	(37,714)
Charge for the year	(40,588)
At December 31, 2024	(78,302)
Carrying amount:	
At December 31, 2022	95,083
At December 31, 2023	95,083
At December 31, 2024	54,495

The goodwill as at January 1, 2022 arose from i) the Group's acquisition of Beijing ESWIN IT Co., Ltd. (hereinafter referred to as "Smart Connection Business") through business cooperation agreements in 2019, and ii) the Company's acquisition of operational activities and asset portfolio of multimedia business of Socionext Inc. (hereinafter referred to as "Multimedia Business"), through a business cooperation agreement completed in 2020.

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing as at December 31, 2022, 2023 and 2024, goodwill arising from the acquisition of Information Technology Company was allocated to the Group's Smart Connection Business Unit CGU ("SCBU CGU"), and goodwill arising from the acquisition of Multimedia Business is allocated to the Group's Multimedia Business Unit CGU ("MBU CGU") are identified as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SCBU CGU	88,072	15,983	–
MBU CGU	95,083	95,083	54,495
	183,155	111,066	54,495

Impairment review on the goodwill has been conducted by the management as of December 31, 2022, 2023 and 2024. The recoverable amount of the CGUs were determined based on the higher of fair value less costs of disposal and value in use of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five or six-year period. The directors of the Group forecasted the revenue growth rate and gross margin based on each CGU's historical experience and the Group's expectations of future changes in the industry and adjusted for other factors that are specific to each CGU. Cash flows beyond the forecasted period were extrapolated using a terminal growth rate based on the relevant industry growth forecasts and does not exceed the average terminal growth rate of the relevant industry. The discount rate used are pre-tax and reflect market assessment of time value and the specific risks relating to each CGU.

The key assumptions used for value in use calculations for the above CGUs are as follows:

	As at December 31,		
	2022	2023	2024
SCBU CGU			
Annual revenue growth rate for the forecast period	32%-101%	25%-92%	24%-77%
Gross margin rate	19%-38%	38%-42%	30%-46%
Terminal growth rate	0%	0%	0%
Pre-tax discount rate	13%	13%	13%
MBU CGU			
Annual revenue growth rate for the forecast period	28%-156%	22%-167%	48%-146%
Gross margin rate	32%-36%	29%-37%	26%-37%
Terminal growth rate	0%	0%	0%
Pre-tax discount rate	12%	12%	12%

The headroom of CGUs containing goodwill for Smart Connection Business and Multimedia Business is shown as below:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
SCBU CGU			
Headroom	251,796	–	–
MBU CGU			
Headroom	–	72,982	–

Based on the impairment test performed, as at December 31, 2023 and 2024, the recoverable amount of SCBU CGU has been reduced to RMB175,408,000 and RMB67,878,000, respectively. Goodwill impairment losses of RMB72,089,000 and RMB15,983,000 were recognized as the CGU was assessed to no longer generate the originally estimated future economic benefits subsequent to the evaluation of its operating performance.

Based on the impairment test performed, as at December 31, 2022 and 2024, the recoverable amount of MBU CGU has been reduced to RMB429,002,000 and RMB176,738,000, respectively. Goodwill impairment losses of RMB23,009,000 and RMB40,588,000 were recognized, given that the CGU would not yield the benefits as initially projected, following the best estimate of future cash flow forecasts derived from business performance evaluations.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to gross margin rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively:

As at December 31, 2022	SCBU CGU
Gross margin rate	-3.7%
Pre-tax discount rate	+3.9%

As at December 31, 2023	MBU CGU
Gross margin rate	-1.9%
Pre-tax discount rate	+1.2%

For those recoverable amount of the CGUs is higher than its carrying amount as at December 31, 2022, 2023 and 2024, with regard to the assessment of the value in use of the CGUs, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts.

15 INVESTMENT IN SUBSIDIARIES

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	878,849	990,657	1,040,538
	878,849	990,657	1,040,538

Details of the subsidiaries are set out in Note 1.

16 INTERESTS IN ASSOCIATES

The Group and the Company

Details of the Group's interest in the associates, which is accounted for using the equity method in the financial statements, are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Principal business activities
EtownIP Microelectronics (Beijing) Co., Ltd. (芯創智(北京)微電子有限公司)	Incorporated	Beijing	RMB11,000,000	32.1%	32.1%	Science and technology promotion and application services
Beijing Juli Open Source Ecological Technology Co., Ltd (北京聚力開源生態技術有限公司)	Incorporated	Beijing	RMB9,480,000	24.1%	24.1%	Science and technology promotion and application services

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	14,821	17,744	17,329
Aggregate amounts of the Group's share of those associates' (loss)/profit and total comprehensive income	(1,065)	5,572	(415)

17 OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for manufacturing capacity security deposits	542,155	522,924	353,915
Prepayments for machinery equipment and licensing rights	176,654	176,714	45,154
Rental deposits	44,501	53,849	40,625
Others	31,769	11,414	1,828
	795,079	764,901	441,522
Less: provision for loss allowance under expected credit loss model	(445)	(538)	(406)
	794,634	764,363	441,116

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for manufacturing capacity security deposits	300,934	300,934	300,934
Prepayments for machinery equipment and licensing rights	100,475	71,026	2,247
Rental deposits	14,409	23,757	23,757
Loan to subsidiaries	218,577	202,704	181,353
Others	31,670	9,597	330
	666,065	608,018	508,621
Less: provision for loss allowance under expected credit loss model	(144)	(238)	(238)
Total	665,921	607,780	508,383

18 INVENTORIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	110,915	175,771	176,753
Work in progress	171,574	152,431	197,051
Finished goods	167,001	196,130	254,296
Other contract costs	–	11,391	22,575
	449,490	535,723	650,675
Less: write-down of inventories	(31,972)	(207,077)	(283,037)
	417,518	328,646	367,638

The analysis of the amount of inventories recognized as an expense and included in profit or loss of the Group is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	1,461,196	1,301,238	1,565,973
Write-down of inventories	20,141	180,719	101,866
	1,481,337	1,481,957	1,667,839

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	118,526	125,160	126,214
Work in progress	164,077	127,304	179,263
Finished goods	155,743	193,454	247,853
Other contract costs	–	4,550	21,418
	438,346	450,468	574,748
Less: write-down of inventories	(20,014)	(199,473)	(268,971)
	418,332	250,995	305,777

19 TRADE RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	680,456	774,269	766,379
Less: provision for loss allowance under expected credit loss model	(7,133)	(7,604)	(10,574)
	673,323	766,665	755,805

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	668,758	753,449	683,314
Amount due from subsidiaries	74,900	90,113	159,868
Less: provision for loss allowance under expected credit loss model	(6,799)	(7,426)	(9,388)
	736,859	836,136	833,794

All of trade receivables are expected to be recovered within one year. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 34(a).

(a) Aging analysis

As at the end of each reporting period, the aging analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	672,810	766,430	732,219
Over 1 year	513	235	23,586
	673,323	766,665	755,805

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	736,346	835,901	810,208
Over 1 year	513	235	23,586
	736,859	836,136	833,794

Accounts receivables are all dominated in RMB and due to the short-term nature of these current receivables, their carrying amounts are considered to approximate their fair values.

20 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	91,574	50,660	102,649
Other receivables from third-party	31,425	18,653	160,052
VAT recoverable	47,601	67,358	90,924
	170,600	136,671	353,625
Less: provision for loss allowance under expected credit loss model	(225)	(465)	(82)
	170,375	136,206	353,543

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	37,685	13,185	20,549
Prepayments to subsidiaries	270,888	414,408	564,420
Amount due from subsidiaries	249,325	1,150,370	1,970,254
Loan to subsidiaries	197,285	47,278	47,278
Other receivables from third-party	1,788	1,447	1,861
VAT recoverable	34,100	38,626	60,909
	791,071	1,665,314	2,665,271
Less: provision for loss allowance under expected credit loss model	(3)	(143)	(18)
	791,068	1,665,171	2,665,253

All of the prepayments and other receivables are expected to be recovered or recognized as expenses or transferred to equity within one year.

21 FINANCIAL ASSETS MEASURED AT FVPL

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products and structured deposits	250,359	963,273	–

(i) Short-term investments measured at FVPL represented wealth management products and structured deposits purchased from banks with variable return and will mature within one year as of the end of each of the reporting period.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	4,082	–	–

23 CASH AND CASH EQUIVALENTS, TIME DEPOSITS WITH BANK, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprises:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank balances	1,006,992	829,542	1,621,060
Less: Restricted cash	(25,226)	(21,482)	(33,321)
Cash and cash equivalents	981,766	808,060	1,587,739

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank balances	802,302	784,981	1,558,602
Less: Restricted cash	(10,223)	(12,332)	(17,541)
Cash and cash equivalents	792,079	772,649	1,541,061

Restricted cash mainly represent certain deposits in the designated banks as customs guarantees.

(b) Time deposits with bank

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with bank:			
— Non-current	–	101,507	104,659
— Current	430,761	981,342	–
	430,761	1,082,849	104,659

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Redemption liabilities	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	6,744,477	200,490	6,944,967
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(37,554)	(37,554)
Interest element of lease rentals paid	–	(20,464)	(20,464)
Total changes from financing cash flows	–	(58,018)	(58,018)
Other changes:			
Interest expenses *(Note 6(a))*	–	20,464	20,464
Increase in lease liabilities from entering into new leases during the year	–	269,494	269,494
Early termination of lease term	–	(5,463)	(5,463)
Change in carrying amount of redemption liabilities	124,228	–	124,228
Termination of redemption liabilities	(6,868,705)	–	(6,868,705)
Total other changes	(6,744,477)	284,495	(6,459,982)
At December 31, 2022	–	426,967	426,967

	Redemption liabilities	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	–	426,967	426,967
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(43,774)	(43,774)
Interest element of lease rentals paid	–	(22,596)	(22,596)
Total changes from financing cash flows	–	(66,370)	(66,370)
Other changes:			
Interest expenses *(Note 6(a))*	–	22,596	22,596
Increase in lease liabilities from entering into new leases during the year	–	124,734	124,734
Early termination of lease term	–	(50,846)	(50,846)
Total other changes	–	96,484	96,484
At December 31, 2023	–	457,081	457,081

	Redemption liabilities	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2024	–	457,081	457,081
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(43,655)	(43,655)
Interest element of lease rentals paid	–	(19,508)	(19,508)
Total changes from financing cash flows	–	(63,163)	(63,163)
Other changes:			
Interest expenses *(Note 6(a))*	–	19,508	19,508
Increase in lease liabilities from entering into new leases during the year	–	1,949	1,949
Early termination of lease term	–	(9,914)	(9,914)
Total other changes	–	11,543	11,543
At December 31, 2024	–	405,461	405,461

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows represent leases rental paid and comprise the following:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	(1,551)	(5,571)	(5,100)
Within financing cash flows	(58,018)	(66,370)	(63,163)

24 TRADE PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	425,318	298,987	339,742

All trade payables are expected to be settled within one year or are repayable on demand. At December 31, 2022, 2023 and 2024, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	425,273	298,938	338,847
Over 1 year	45	49	895
	425,318	298,987	339,742

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amount due to third-party	154,222	76,704	131,910
Amount due to subsidiaries	119,282	107,911	15,778
	273,504	184,615	147,688

At December 31, 2022, 2023 and 2024, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	273,504	184,615	140,234
Over 1 year	–	–	7,454
	273,504	184,615	147,688

25 ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Staff cost payables	242,063	181,728	174,774
Other taxes and levies payables	32,215	25,302	20,052
Payables for acquisition consideration	36,846	–	–
Payables for purchase of equipment and services	116,624	213,662	158,184
Forgivable loan for R&D projects *(Note)*	45,000	45,000	–
Others	59,684	34,268	43,250
	532,432	499,960	396,260

Note: Prior to January 1, 2022, a forgivable loan for R&D projects was granted to a subsidiary of the Company by local provincial government and the Group recognized the received funds of RMB45,000,000 as a current liability as at December 31, 2022 and 2023. Pre-determined conditions for the forgivable loan were met in May 2024 and such loan was then converted to subsidy and RMB45,000,000 was credited to the Group's other net income as government grants (Note 5).

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Staff cost payables	59,381	45,291	45,655
Other taxes and levies payables	11,501	6,870	6,258
Payables for acquisition consideration	36,846	–	–
Payables for purchase of equipment and services	104,847	175,254	131,797
Amount due to subsidiaries	290,727	975,753	1,799,748
Others	21,727	22,341	24,759
	525,029	1,225,509	2,008,217

26 CONTRACT LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments received from customers	10,372	17,574	69,251

Movements in contract liabilities:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	4,729	10,372	17,574
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(4,729)	(10,372)	(17,574)
Increase in contract liabilities as a result of receipts in advance	10,372	17,574	69,251
Balance at December 31	10,372	17,574	69,251

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments received from customers	8,879	11,412	68,793

Movements in contract liabilities:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	507	8,879	11,412
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(507)	(8,879)	(11,412)
Increase in contract liabilities as a result of receipts in advance	8,879	11,412	68,793
Balance at December 31	8,879	11,412	68,793

Contract liabilities primarily arise from considerations received from customers before the Group satisfying performance obligations. All of the contract liabilities are expected to be recognized as revenue within one year.

27 LEASE LIABILITIES

At December 31, 2022, 2023 and 2024, lease liabilities were repayable as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	50,642	53,184	36,177
After 1 year but within 2 years	43,853	33,222	25,625
After 2 years but within 5 years	90,001	76,509	76,016
After 5 years	242,471	294,166	267,643
	376,325	403,897	369,284
	426,967	457,081	405,461

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	10,563	9,402	9,321
After 1 year but within 2 years	11,758	9,070	9,233
After 2 years but within 5 years	35,533	29,035	30,414
After 5 years	33,634	16,106	5,494
	80,925	54,211	45,141
	91,488	63,613	54,462

28 DEFERRED INCOME

Deferred income of the Group mainly includes various conditional government grants for research and development projects, which will be recognized as income in the same periods in which the expenses for the development project are incurred and the conditions are met. Movements of the balances during the Relevant Periods are as follows:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	13,961	14,575	3,722
Government grants received during the year	6,000	6,014	16,063
Amortization during the year	(5,386)	(16,867)	(3,863)
At the end of the year	14,575	3,722	15,922

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	5,240	8,868	2,844
Government grants received during the year	6,000	6,014	16,063
Amortization during the year	(2,372)	(12,038)	(3,047)
At the end of the year	8,868	2,844	15,860

29 OTHER NON-CURRENT LIABILITY

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Manufacturing capacity security deposits received	–	5,250	10,500

Other non-current liability primarily arise from receipt in advance received from customers before the Group satisfying performance obligations.

30 REDEMPTION LIABILITIES

The Group and the Company

Pursuant to agreements between the Company and its investors, certain investors were granted the right to require the Company or the founding shareholders of the Company to redeem their shares for cash upon the occurrence of certain contingent events, including but not limited to a qualified [**REDACTED**] does not occur before specified dates and any breach of contractual terms or misconducts committed by the Company or the founding shareholders of the Company, or any change in control events of the Company occurred without written approval of the Company's shareholders (the "Redemption Right").

The redemption price of the shares shall equal to the higher amount of (i) the aggregate of each investor's subscription price plus a compound interest of 8% per annum accruing from the original investment date; and (ii) the aggregate of each investor's subscription price plus the dividends accrued but unpaid from the original investment date to the date of the redemption.

The Company recognized its obligation to pay cash to those investors with Redemption Right as financial liabilities, because not all triggering events are within the control of the Company. The financial liabilities are measured at the present value of the redemption amount.

The movements of the redemption liabilities during the Relevant Periods are set out below:

The Group and The Company

	Redemption liabilities
	RMB'000
At January 1, 2022	6,744,477
Changes in the carrying amount	124,228
Termination	(6,868,705)
At December 31, 2022, 2023 and 2024	–

In April 2022, pursuant to the supplementary agreement signed by the Company and the investors with Redemption Right, the investors' Redemption Right granted by the Company in previous years were terminated. Hence, the redemption liabilities were reclassified to equity.

31 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net balance of current taxation at January 1	67	227	13
Provision for the year *(Note 7(a))*	283	53	207
Income tax paid	(123)	(267)	(192)
Net balance of current taxation at December 31	227	13	28

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognized in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Revaluation of non-proprietary technology	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	7,240	49,865	(49,865)	188	7,428
(Credited)/charged to profit or loss	(3,342)	42,281	(42,281)	(121)	(3,463)
Credited to reserves	–	–	–	(3)	(3)
At December 31, 2022 and January 1, 2023	3,898	92,146	(92,146)	64	3,962
(Credited)/charged to profit or loss	(3,341)	7,729	(7,729)	48	(3,293)
Charged to reserves	–	–	–	5	5

	Revaluation of non-proprietary technology	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	557	99,875	(99,875)	117	674
(Credited)/charged to profit or loss	(557)	(12,404)	12,404	(118)	(675)
Charged to reserves	–	–	–	1	1
At December 31, 2024	–	87,471	(87,471)	–	–

(ii) Reconciliation to the consolidated statements of financial position

	As at December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax liability in the consolidated statement of financial position	3,962	674	–

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(r), the Group has not recognized deferred tax assets in respect of cumulative tax losses and temporary differences of RMB3,723,123,000, RMB6,461,758,000, RMB8,787,546,000 as at December 31, 2022, 2023 and 2024, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Chinese mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

32 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Since 2019 to the end of Relevant Periods, the Group adopted several share incentive plans (the "Plans"), pursuant to which the Group was authorized to grant incentives shares to eligible employees of the Group, who contribute directly to the overall business performance and sustainable development of the Group. The maximum number of shares available for the awards under the Plans are 282,004,000 shares, which are held by Beijing Yili Technology Partnership Enterprise (Limited Partnership) and Beijing Yixiang Technology Partnership Enterprise (Limited Partnership) (together as the "ESOP platforms"). The ESOP Platforms are controlled and managed by the single largest shareholder of the Company.

The Plans contain certain service conditions and non-market performance conditions. The awards issued to participants shall vest over latter of a two-to-five year service schedule or upon three-year lock-up-period after the successful completion of an [**REDACTED**]. If employments relationship of the grantees is terminated or the specified non-market performance conditions have been failed before the designated shares under the Plans become vested, for those employees who have paid exercise prices to ESOP platforms, their shares of ESOP platforms have to be transferred to the person designated by the general partner of the ESOP platforms at the consideration of initial price plus a simple interest of 4% per annum.

The Group determines the equity-settled share-based payment expenses at each grant date of awarded shares with reference to the estimation of the probability and timing of successful [**REDACTED**] since [**REDACTED**] condition is considered as a vesting condition. As at December 31, 2022, 2023 and 2024, the Group assessed that it is probable that the [**REDACTED**] condition will be achieved in the foreseeable future, and share-based payments expenses were recognized accordingly.

(a) Movements in the number of share options are as follows

	Year ended December 31,					
	2022		2023		2024	
	Adjusted Weighted average exercise price (RMB)	*Adjusted Number of share options*	*Adjusted Weighted average exercise price (RMB)*	*Adjusted Number of share options*	*Weighted average exercise price (RMB)*	*Number of share options*
Outstanding at the beginning of the year	0.22	92,700,098	0.18	142,895,694	0.19	149,583,466
Granted during the year	0.11	51,935,844	0.30	6,777,338	0.30	25,121,116
Forfeited during the year	0.12	(1,740,248)	0.25	(89,566)	0.30	(578,854)
Outstanding at the end of the year	0.18	142,895,694	0.19	149,583,466	0.21	174,125,728
Exercisable at the end of the year	–	–	–	–	–	–

Note: The weighted average exercise price and number of share options has been adjusted from the beginning of the Relevant Periods to reflect capital conversion in August 2023.

(b) Equity-settled share-based payment expenses recognized in the consolidated statements of profit or loss and other comprehensive income during the Relevant Periods

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Selling expenses	46,850	27,070	17,175
Administrative expenses	52,185	57,794	47,744
Research and development expenses	84,029	47,917	42,443

The fair values of share options were calculated using the binomial option pricing model.

The value of an option varies with different variables of certain subjective assumptions. The variables and assumptions used in computing the fair value of the share options are based on the Group's best estimate. Fair value of share option and key assumptions used in determining the fair value of share options granted are as follows:

	Year ended December 31,	
	2022	2023
Fair value of share option	RMB8.51-8.60	RMB9.71
Exercise price	RMB0.11-0.35	RMB0.30
Expected volatility	53.07%	44.04%
Risk-free rate	2.50%	2.26%
Expected dividend yield	0%	0%

Note: The fair value of share option and exercise price for the year 2022 listed above have been adjusted to reflect capital conversion in August 2023.

The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the awarded shares. Risk-free rate was based on the market yield of PRC Treasury Curve and country risk differential as of the respective valuation dates.

33 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Relevant Periods are set out below:

	Paid-in capital/share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022	38,876	46,005	(395)	179,269	(1,374,218)	(1,110,463)
Changes in equity for 2022:						
Loss for the year	–	–	–	–	(1,070,457)	(1,070,457)
Other comprehensive income for the year	–	–	(12)	–	–	(12)
Total comprehensive income for the year	–	–	(12)	–	(1,070,457)	(1,070,469)
Capital injection	7,300	50,014	–	–	–	57,314
Equity-settled share-based payment expenses	–	–	–	183,064	–	183,064
Termination of redemption liabilities	–	6,868,705	–	–	–	6,868,705
Conversion into a joint stock company with limited liability	–	(1,568,639)	395	–	1,568,244	–
Balance at December 31, 2022 and January 1, 2023	46,176	5,396,085	(12)	362,333	(876,431)	4,928,151
Changes in equity for 2023:						
Loss for the year	–	–	–	–	(1,519,708)	(1,519,708)
Other comprehensive income for the year	–	–	12	–	–	12
Total comprehensive income for the year	–	–	12	–	(1,519,708)	(1,519,696)

	Paid-in capital/share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Capital injection	6,988	3,019,509	–	–	–	3,026,497
Capital reserve transfer to share capital	1,967,046	(1,967,046)	–	–	–	–
Equity-settled share-based payment expenses	–	–	–	132,781	–	132,781
Balance at December 31, 2023 and January 1, 2024	2,020,210	6,448,548	–	495,114	(2,396,139)	6,567,733
Changes in equity for 2024:						
Loss for the year	–	–	–	–	(1,269,697)	(1,269,697)
Total comprehensive income for the year	–	–	–	–	(1,269,697)	(1,269,697)
Equity-settled share-based payment expenses	–	–	–	107,362	–	107,362
Balance at December 31, 2024	2,020,210	6,448,548	–	602,476	(3,665,836)	5,405,398

(b) Dividends

No dividends have been declared or paid by the Company during the years ended December 31, 2022, 2023 and 2024.

(c) Paid-in capital/share capital

(i) Paid-in capital

For the purpose of this report, the paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Paid-in capital
	RMB'000
Balance at January 1, 2022	38,876
Issuance of new shares	7,300
Conversion into a joint stock company	(46,176)
Balance at December 31, 2022	–

Note: On June 27, 2022, the Company was converted into a joint stock limited liability company and issued 46,176,000 shares with a par value of RMB1 each.

(ii) Issued share capital

	Number of ordinary shares	Share capital
	'000	*RMB'000*
Issued and fully paid		
At January 1, 2022	–	–
Issuance of ordinary shares upon conversion into a joint stock company	46,176	46,176
Balance at December 31, 2022 and January 1, 2023	46,176	46,176
Issuance of new shares	6,988	6,988
Capital reserve transfer to share capital	1,967,046	1,967,046
At December 31, 2023 and 2024	2,020,210	2,020,210

Note: The Company issued 1,967,046,000 shares (37 shares for each share in issue) by converting RMB1,967,046,000 from capital reserve to share capital in August 2023.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises the following: i) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company, ii) the excess of total consideration raised and contributed by the shareholders of the Company over share capital, and iii) amounts in relation to the recognition and termination of the redemption liabilities as disclosed in Note 23.

(ii) Share-based payment reserve

Share-based payment reserve represents grant date fair value of share options granted to employees of the Company that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii).

(iii) Other reserve

Other reserve mainly represents the foreign exchange differences arising from the translation of the financial statements of foreign operations that have functional currency other than the RMB.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating assigned by the management of the Group, for which the Group considers to have low credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2022, 2023 and 2024, 93%, 94% and 89% of the total trade receivables were due from the Group's five largest debtors respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Other receivables

The Group considers the probability of default upon initial recognition of other receivables and whether there has been a significant increase in credit risk throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default on other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Other receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. In view of the history of cooperation with the debtors and collection from them, the Group's exposure to bad debts of deposits and other receivables is not significant and the Group have strong capacity to meet contractual cash flows.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables at December 31, 2022, 2023 and 2024:

	At December 31, 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Less than 1 year	1.04	679,886	7,076
More than 1 year	10.00	570	57
		680,456	7,133

	At December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 year	0.98	774,008	7,578
More than 1 year	10.00	261	26
		774,269	7,604

	At December 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Less than 1 years	1.07	740,172	7,953
More than 1 year	10.00	26,207	2,621
		766,379	10,574

Expected loss rates are based on actual loss experience over the past recent years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance account in respect of trade receivables during the year ended December 31, 2022, 2023 and 2024 are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	4,299	7,133	7,604
Impairment losses recognized during the year	2,834	471	2,970
Balance at December 31	7,133	7,604	10,574

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at December 31, 2022, 2023 and 2024 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest dates the Group can be required to pay:

	As at December 31, 2022					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables *(Note 24)*	425,318	–	–	–	425,318	425,318
Accruals and other payables *(Note 25)*	532,432	–	–	–	532,432	532,432
Lease liabilities *(Note 27)*	69,043	60,264	129,101	318,475	576,883	426,967
	1,026,793	60,264	129,101	318,475	1,534,633	1,384,717

	As at December 31, 2023					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note 24)*	298,987	–	–	–	298,987	298,987
Accruals and other payables *(Note 25)*	499,960	–	–	–	499,960	499,960
Lease liabilities *(Note 27)*	72,778	51,123	122,732	387,933	634,566	457,081
	871,725	51,123	122,732	387,933	1,433,513	1,256,028

	As at December 31, 2024					
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note 24)*	339,742	–	–	–	339,742	339,742
Accruals and other payables *(Note 25)*	396,260	–	–	–	396,260	396,260
Lease liabilities *(Note 27)*	53,917	42,208	118,668	348,377	563,170	405,461
	789,919	42,208	118,668	348,377	1,299,172	1,141,463

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at bank, time deposits with banks and lease liabilities. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition. The Group's interest rate risk profile as monitored by management is set out below.

(i) Exposure to interest rate risk

The following table details the profile of the Group's lease liabilities, time deposits with banks and cash and cash equivalents at the end of each reporting period.

	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024
	RMB'000	*RMB'000*	*RMB'000*
Fixed rate instruments:			
— Lease liabilities	(426,967)	(457,081)	(405,461)
Time deposits with bank	430,761	1,082,849	104,659
Net exposure	3,794	625,768	(300,802)

	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024
	RMB'000	*RMB'000*	*RMB'000*
Variable rate instruments:			
— Cash at bank	981,766	808,060	1,587,739
Net exposure	981,766	808,060	1,587,739

(ii) Sensitivity analysis

At December 31, 2022, 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's losses after tax and accumulated losses as follows.

	Increase/(decrease) in basis points	(Decrease)/Increase in loss for the year	(Decrease)/Increase in accumulated losses for the year
		RMB'000	*RMB'000*
At December 31, 2022			
Basis points	100	(9,818)	(9,818)
Basis points	(100)	9,818	9,818
At December 31, 2023			
Basis points	100	(8,081)	(8,081)
Basis points	(100)	8,081	8,081
At December 31, 2024			
Basis points	100	(15,877)	(15,877)
Basis points	(100)	15,877	15,877

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Japanese Yen ("JPR"), Korean Won ("KRW"), Great Britain Pound ("GBP"). The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies as at December 31, 2022			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	620,733	–	1,074	–
Other receivables	23,880	2,158	–	–
Cash at banks	370,936	866	1,262	2,962
Trade payables	(315,726)	–	(8)	–
Accruals and other payables	(79,132)	(450)	(4,710)	–
Net exposure arising from recognized assets and liabilities	620,691	2,574	(2,382)	2,962

	Exposure to foreign currencies as at December 31, 2023			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	687,389	–	–	–
Other receivables	8,853	2,981	–	–
Cash at banks	305,512	723	1,004	2,868
Trade payables	(219,464)	–	–	–
Accruals and other payables	(98,216)	(484)	(1,039)	–
Net exposure arising from recognized assets and liabilities	684,074	3,220	(35)	2,868

	Exposure to foreign currencies as at December 31, 2024			
	USD	KRW	JPY	GBP
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	596,533	–	–	–
Prepayments and other receivables	8,986	2,626	–	–
Cash at banks	1,083,587	2,013	1,406	7,119
Trade payables	(220,572)	–	–	–
Accruals and other payables	(35,808)	(524)	(10)	–
Net exposure arising from recognized assets and liabilities	1,432,726	4,115	1,396	7,119

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's losses after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31,					
	2022		2023		2024	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year	Increase/ (decrease) in foreign exchange rates	Decrease/ (Increase) in loss for the year
		RMB'000		*RMB'000*		*RMB'000*
USD	1%	6,207	1%	6,841	1%	14,327
	(1%)	(6,207)	(1%)	(6,841)	(1%)	(14,327)
KRW	1%	26	1%	32	1%	41
	(1%)	(26)	(1%)	(32)	(1%)	(41)
JPY	1%	(24)	1%	–	1%	14
	(1%)	24	(1%)	–	(1%)	(14)
GBP	1%	30	1%	29	1%	71
	(1)%	(30)	(1)%	(29)	(1)%	(71)

(e) Fair values measurement

Fair value hierarchy

Fair values are categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy.

		Fair value measurements as at December 31, 2022 categorized into		
	Fair value at December 31, 2022	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVOCI . . .	4,082	–	–	4,082
Financial assets measured at FVPL	250,359	–	–	250,359

		Fair value measurements as at December 31, 2023 categorized into		
	Fair value at December 31, 2023	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets measured at FVPL	963,273	–	–	963,273

The movement during the year in the balance of these financial assets measured at FVPL are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	431,417	250,359	963,273
Purchase.	8,160,000	5,130,000	2,486,000
Changes in fair value	23,634	18,027	10,541
Disposal	(8,364,692)	(4,435,113)	(3,459,814)
At the end of the year	250,359	963,273	–

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Wealth management products

The Group has a team headed by the finance manager performing valuation for wealth management products which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the head of finance department. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the head of finance department.

Below is a summary of significant unobservable inputs to the valuation of these wealth management products together with information about the sensitivity of the fair value measurement to changes in unobservable inputs at December 31, 2022, 2023 and 2024:

	Valuation techniques	**Significant unobservable inputs**
Wealth management products. .	Discounted cash flow method	Interest return rate

Due to the short period and low expected return rate ranging from 1.65% to 3.10% per annum, the Group considered the fair value of wealth management products approximates to the cost. The management of the Group considers the Group's exposure to expected return rates as follows:

With 1% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value of wealth management products by RMB148,000 as at December 31, 2022. With 1% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value of wealth management products by RMB1,439,000 as at December 31, 2023.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at December 31, 2022, 2023 and 2024.

35 COMMITMENTS

Significant capital expenditures contracted for at the end of the reporting period but not recognized as liabilities yet are as follows:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment and intangible assets	29,919	73,239	57,489

36 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9 is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	7,202	7,523	7,976
Discretionary bonuses	258	87	94
Directors' and Supervisors' fee	–	150	360
Share-based payments	25,455	41,431	34,126
	32,915	49,191	42,556

Total remuneration is included in "staff costs" in Note 6(b).

(b) Related parties and the relationship

Name of related parties	Relationship with the Group
Beijing ESWIN Technology Group Co., Ltd. ("ESWIN Group") ("北京奕斯偉科技集團有限公司")	A shareholder with significant influence over the Company
Xi'an ESWIN Technology Industry Development Co., Ltd. ("西安奕斯偉科技產業發展有限公司")	A subsidiary of ESWIN Group
Zhejiang Xinhui Technology Co., Ltd. ("浙江欣暉科技有限公司")	A subsidiary of ESWIN Group

(c) Transactions with related parties

The Group entered into the following material related party transactions during the Relevant Periods:

(i) Transactions with ESWIN Group and its subsidiaries

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets recognized	260,607	100,807	–
Payments for lease liabilities	10,293	24,545	28,505
Interest expenses on lease liabilities	12,137	16,446	15,889
Office maintenance related charges	4,061	7,801	7,762

(d) Balances with related parties as at the end of each reporting period

(i) Due from or due to ESWIN Group and its subsidiaries

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature:			
Lease liabilities	262,417	354,552	341,936
Accruals and other payables	412	2,571	1,961

37 [SUBSEQUENT EVENTS]

In April 2025, the Company entered into [**REDACTED**] financing agreements with a [**REDACTED**] investor with an aggregate consideration of RMB250 million for new issuance of 21,933,534 shares. As of the date of this report, the total consideration of the [**REDACTED**] Investments was fully settled.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2024

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, which are not yet effective for the accounting period beginning on January 1, 2024 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability	January 1, 2025
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	January 1, 2026
Annual improvements to IFRSs — Volume 11	January 1, 2026
Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7	January 1, 2026
IFRS 18, Presentation and disclosure in financial statements	January 1, 2027
IFRS 19, Subsidiaries without public accountability: disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2024.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This appendix contains a summary of the principal provisions of the Company's Articles of Association, which will take effect on the date when the Company's H shares are [**REDACTED**] on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential [**REDACTED**] with an overview of the Company's Articles of Association. Therefore, it may not contain all the information that is important to potential [**REDACTED**].

SHARES AND REGISTERED CAPITAL

The Shares shall be presented by share certificates. The Shares issued by the Company shall be denominated in RMB. The par value per Share is RMB0.1.

The Shares shall be issued in a transparent, fair and just manner, and shall rank pari passu in all respects with the Shares of the same class. The terms and price of each of the Share of the same class in the same issuance shall be the same, and every Share subscribed by subscribers in the same issuance shall have the same price.

The shares of the Company [**REDACTED**] on the Hong Kong Stock Exchange are known as "H shares", which are authorized to be [**REDACTED**] on the Hong Kong Stock Exchange, with nominal value denominated in Renminbi and subscribed and [**REDACTED**] in Hong Kong dollars.

Subject to the approval and filing by the security regulatory authority under the State Council and the consent of the Stock Exchange of Hong Kong, all or part of the Company's domestic unlisted shares may be converted into overseas listed shares, and the converted overseas listed shares may be listed and traded on overseas stock exchanges.

The H Shares issued by the Company may be deposited in an escrow company under the securities registration and settlement institution of the place of [**REDACTED**]. The domestic unlisted shares issued by the Company shall be registered and deposited at the China Securities Depository and Clearing Corporation Limited ("CSDC") in a centralized manner.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase of Shares

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of a Shareholders' general meeting, increase its capital in the following manners:

(1) issuance of Shares to Non-Specific Target investors;

(2) issuance of Shares to Specific Target investors;

(3) bonus issue of Shares to existing Shareholders;

(4) transfer of reserve fund into capital;

(5) adopting any other means stipulated in laws, administrative regulations, regulatory rules of the stock exchange(s) of the places where the Company's shares are listed and approved by the CSRC and Hong Kong Stock Exchange.

Decrease of Shares

The Company may reduce its registered capital. The Company's reduction of registered capital shall be conducted in accordance with the procedures stipulated in the Company Law and other relevant regulations, regulatory rules of the places where the shares of Company are listed, other securities regulatory rules and the Articles of Association.

Repurchase of Shares

Except under the following circumstances, the Company may not repurchase its Shares:

(1) to reduce the registered capital of the Company;

(2) to merger with other companies that hold shares of the Company;

(3) to grant the shares for employee shareholding scheme or as equity incentive;

(4) where shareholders require the Company to purchase their shares due to their disagreement on the merger or division resolution passed by a shareholders' general meeting;

(5) to use the shares in the conversion of the convertible corporate bonds issued by the listed Company;

(6) to preserve the Company's value and Shareholders' interests as necessary;

(7) in other circumstances as stipulated by laws, administrative regulations, departmental rules, regulatory documents and regulatory rules of the stock exchange(s) of the places where the Company's shares are [**REDACTED**].

The Company may acquire its own [**REDACTED**] through open and centralized [**REDACTED**], or in any other manner permitted by laws, administrative regulations, the CSRC and the Stock Exchange.

Any acquisition by the Company of its shares under any of the circumstances set forth in sub-paragraphs (1) and (2) shall be subject to a resolution of a Shareholders' general meeting; while any acquisition by the Company of its shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) shall, pursuant to the Articles of Association or the authorization of a Shareholders' general meeting, be subject to a resolution of a meeting of the Board of Directors at which two-thirds or more of the Directors are present.

The Shares acquired by the Company shall, under the circumstance set forth in sub-paragraph (1), be cancelled within 10 days from the date of acquisition; while under the circumstances set forth in sub-paragraph (2) or (4) shall be disposed of or cancelled within six months; and while under the circumstances set forth in sub-paragraph (3), (5) or (6), aggregately not exceed 10% of its total issued shares and shall be disposed of or cancelled within three years.

The Company acquires its own Shares under the circumstances set forth in sub-paragraphs (3), (5) and (6) above, subject to complying with the regulatory rules of the places where the shares of Company are [**REDACTED**] and other securities regulatory rules, it shall do so through open and centralized [**REDACTED**].

Transfer of Shares

The Company's shares may be transferred in accordance with the law.

The Company shall not accept its shares as the subject of a pledge.

The shares of the Company issued prior to the Company's [**REDACTED**] of shares shall not be transferred within 1 year from the date the shares of the Company being listed and traded on the stock exchange(s).

The Directors, Supervisors and senior management of the Company shall report to the Company the shares held by them and the changes thereof. During the term of their office as determined when they assume the posts, the shares transferred by any of them each year shall not exceed 25% of the total number of shares of the Company that he holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange. If any of the aforesaid persons leaves from his post, he shall not transfer the shares of the Company that he holds within six months from such departure.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Register of Shareholders

The Company shall establish a register of Shareholders, and the register of shareholders shall be sufficient evidence of the Shareholders' shareholdings in the Company. The original register of members of the H Shares [**REDACTED**] in Hong Kong is maintained in Hong Kong and is available for inspection by the Shareholders. However, the Company may suspend shareholder registration in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

When the Company convenes a general meeting, distributes dividends, commences liquidation or engages in other acts that require the identification of Shareholders, the Board or the convener of the general meeting shall determine the record date of the Shareholders' registration. The Shareholders whose names appear on the register of Shareholders after the close of market trading on the record date shall be the Shareholder entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

The Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to their shareholdings;

(2) to request, convene preside over, attend or appoint a Shareholder's proxy to attend the general meeting of Shareholders and to exercise voting rights (unless individual shareholders are required to waive their voting rights on specific matters in accordance with regulatory rules of the places where the shares of Company are listed);

(3) to supervise the Company's operations, to present proposals and to raise enquiries;

(4) to transfer, grant or pledge shares held by them in accordance with the laws, administrative regulations, regulatory rules of the places where the shares of Company are listed as well as the Articles of Association;

(5) to access and copy Articles of Association, register of shareholders, company bond stubs, meeting minutes of the shareholders' general meeting, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, and financial and accounting reports, Shareholders who meet the requirements may inspect the company's accounting books and vouchers;

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;

(7) with respect to Shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to buy back their Shares;

(8) any other rights conferred by laws, administrative regulations, departmental rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations, the departmental regulation, other securities regulatory rules of the places where the Company's shares are listed and the Articles of Association, and to keep the Company's business secrets confidential;

(2) to pay subscription money according to the number of shares subscribed and the method of subscription;

(3) not to withdraw their shares except as otherwise provided by laws and regulations;

(4) not to abuse their shareholder rights to jeopardize the interests of the Company or other shareholders; and not to abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to jeopardize the interests of the Company's creditors;

(5) any other obligations imposed by laws, administrative regulations, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders of the Company who abuse their shareholder rights to cause losses to the Company or other shareholders shall be liable for compensation in accordance with the laws.

The Shareholders of the Company who abuse the independent status of the Company as a legal entity and the limited liabilities of shareholders to evade debts and seriously jeopardize the interests of the Company's creditors shall be jointly and severally liable for the debts of the Company.

The Shareholders holding 5% or more of the Company's Shares with voting rights shall, in the event of a pledge of the Shares held by them, report to the Company in writing from the date of occurrence of such fact.

General Rules for the Shareholders' General Meeting

The Shareholders' general meeting is the organ of authority of the Company, which may exercise the following functions and powers in accordance with the law:

(1) to decide on the business strategies and investment plans of the Company;

(2) to elect or change the Non-staff Directors and Non-staff Representative Supervisors and to decide on the matters relating to the remuneration of the Directors and Supervisors;

(3) to consider and approve the reports of the Board of the Directors;

(4) to consider and approve the reports of the Board of the Supervisors;

(5) to consider and approve annual financial budget proposals and final accounts proposals for the Company;

(6) to consider and approve the Company's profit distribution proposals and loss recovery proposals;

(7) to decide on any increase or reduction of the Company's registered capital;

(8) to decide on the issue of corporate bonds;

(9) to decide on merger, division, dissolution or liquidation of the Company, or change of the corporate form of the Company;

(10) to amend the Articles of Association;

(11) to decide the appointment and dismissal of the accounting firms;

(12) to consider and approve the guarantee matters as stipulated in Article 39;

(13) to consider matters that the Company purchased or sold major assets within one year exceeding 30% of the Company's latest audited total assets;

(14) to consider and approve the change in the use of proceeds from raising;

(15) to consider the share incentive schemes and employee shareholding scheme;

(16) to consider the share repurchase matters as stipulated in Article 23;

(17) to consider and approve other matters which are required to be determined at the shareholders' meeting as required by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

The Shareholders' general meeting may authorize the Board of Directors to adopt a resolution regarding the issue of corporate bonds, other than this, the functions and powers of the above-mentioned Shareholders' general meeting shall not be exercised by the Board of Directors or other institutions or individuals through authorization.

The Company shall not provide guarantees to entities other than wholly-owned subsidiaries and holding subsidiaries. The guarantee scope of the Company for its controlling subsidiaries shall not exceed the Company's shareholding ratio. The Company's external guarantees must be reviewed by the Board of Directors, and certain guarantee behaviors should be submitted to the Shareholders' general meeting for review after being approved by the Board of Directors.

General meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every financial year within six months after the end of the previous financial year.

Extraordinary meetings shall be held from time to time, and the Company shall convene an extraordinary general meeting within two months from the occurrence of any of the following events:

(1) when the number of Directors is less than the quorum specified in the PRC Company Law or two-thirds of the total number specified in the Articles of Association;

(2) the unrecovered losses of the Company amount to one third of the total amount of its share capital;

(3) when Shareholder(s) severally or jointly holding 10% or more of the Company's shares request(s) to convene such meeting;

(4) when deemed necessary by the Board of Directors;

(5) when proposed by the Board of Supervisors;

(6) other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**] or the Articles of Association.

Convening of General Meeting

General meetings shall be convened by the Board of Directors in accordance with the laws.

A majority of independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent non-executive directors that request to convene an extraordinary shareholders' meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made; if the Board of Directors disagrees to convene an extraordinary shareholders' meeting, it will state the reasons and make an announcement.

The Board of Supervisors have the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within 5 days after the Board of Directors' resolution is made, and any changes to the original proposal contained in the notice shall be approved by the Board of Supervisors.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, and the Board of Supervisors shall convene and preside over the extraordinary shareholders' meeting of its own accord.

Shareholders individually or jointly holding 10% or more of the Company's shares (on a a one-share-one-vote basis and excluding the treasury stock) have the right to request the Board of Directors to convene an extraordinary shareholders' meeting, and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's shares are listed and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary shareholders' meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary shareholders' meeting, the Board of Directors will issue a notice of convening the extraordinary shareholders' meeting within five days after the Board of Directors' resolution is made, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Directors disagrees to convene an extraordinary shareholders' meeting or fails to provide feedback within 10 days upon receipt of the request, shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' meeting and shall submit such request to the Board of Supervisors in writing.

If the Board of Supervisors agrees to convene an extraordinary shareholders' meeting, the Board of Auditors will issue a notice of convening the extraordinary shareholders' meeting within five days upon receipt of the request, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Supervisors fails to send a notice of general meeting before deadline, the Board of Supervisors shall be deemed to be unable to convene and preside over the meeting, the Shareholder(s) holding 10% or more of the voting Shares of the Company separately or in aggregate for 90 or more consecutive days may convene and preside over a meeting on its/their own.

Proposals and Notices of General Meeting

Prior to the general meeting, the Board of Directors, the Board of Supervisors and the Shareholder(s) individually or jointly holding at least 1% Shares of the Company may propose a proposal to the Company.

Shareholders who individually or collectively hold at least 1% of the Company's Shares may put forward a provisional proposal and submit it in writing to the convenor ten days prior to the convening of the Shareholders' meeting. Provisional proposals should have a clear topic and a specific resolution. The convenor shall issue a supplementary notice of the general meeting with the contents of the provisional proposal within two days after receiving the proposal and submit the provisional proposal to the general meeting for consideration. However, that the provisional proposal shall be in compliance with the provisions of the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**] and the Articles of Association or shall fall within the scope of functions and powers of the shareholders' meeting.

Subject to the above provisions, the convener after sending a notice of meeting shall not modify the motion [**REDACTED**] in the notice of meeting or add a new motion.

The convener shall notify all shareholders at least 21 days prior to the convening of the annual general meetings by publishing an announcement, at least 15 days prior to the convening of the extraordinary general meetings by publishing an announcement.

Convention of General Meeting

All shareholders whose names appear on the register of shareholders on the registration date or their proxies shall be entitled to attend the general meeting, and exercise their voting rights pursuant to the relevant laws, regulations, regulatory rules of the stock exchange where the [**REDACTED**] of the Company are [**REDACTED**] and the Articles of Association. Shareholders may attend in person or appoint proxies to attend and vote at general meetings on their behalf.

Where a shareholder is a legal person, its legal representative or a proxy authorized by the legal representative shall be entitled to attend the shareholders' meeting of the Company. The legal representative attending the meeting shall present his/her own identity card and valid proof that can indicate his/her qualification as the legal representative. If the legal representative authorizes a proxy to attend the meeting, the proxy attending the meeting shall present his/her own identity card and the power of attorney issued by the legal representative of the shareholder as a legal person in accordance with the law and exercise the voting right within the scope of authorization.

The proxy form issued by a Shareholder for a general meeting shall specify:

(1) the name of the principal, class and number of shares of the Company held by the principal;

(2) the name of the proxy;

(3) whether the principal has the voting right or not;

(4) the specific instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of the general meeting;

(5) the date and validity of the proxy form;

(6) the signature (or seal) of the appointing Shareholder; if the appointing Shareholder is a legal person/other organization, the seal of the legal person/other organization shall be affixed.

The proxy form shall contain a statement that in the absence of instructions from the Shareholder, his/her proxy may vote at his/her discretion.

If the power of attorney authorizing voting rights is authorized by the principal to be signed by others, the power of attorney signed under authorization or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents, and the voting proxy form shall be kept at the Company's domicile or at other places as may be specified in the notice of convening the meeting.

If the appointing Shareholder is a legal person, then its proxy to attend the general meeting shall be the legal representative, or any other person authorized by the Board of Directors or other decision-making body.

A shareholders' meeting shall be presided by the chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the meeting shall be presided by the vice-chairman of the Board of Directors. If the vice-chairman of the Board of Directors is unable or fails to perform his/her duties, a director jointly elected by a majority of the directors shall preside over the meeting.

A shareholders' meeting convened by the Board of Supervisors of its own accord shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor jointly elected by a majority of the supervisor shall preside over the meeting.

The shareholders' meeting convened by shareholders of their own accord shall be presided over by the convener or a representative elected by the convener.

When a shareholders' meeting is held and the chairman violates the laws, regulations, the Articles of Association or rules of procedure in a way that makes it difficult for the shareholders' meeting to continue, a person may be elected at the shareholders' meeting to act as the chairman so as to carry on with the meeting, subject to the approval of a majority of the attending shareholders holding voting rights.

The shareholders' meeting has meeting minutes, which shall be taken by the secretary to the Board of Directors or the secretary to the Company, and include the following contents:

(1) Date, location, agenda, and name of the convener of the meeting;

(2) The name of the meeting chairman, the directors, the supervisors, the chief executive officer and other senior management officers attending or attending the meeting as non-voting participants;

(3) Number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by such shareholders, and the proportion over total shares of the Company;

(4) Consideration and approval process, key points of discussion, and voting results for each proposal;

(5) Shareholders' inquiries or suggestions and corresponding responses or explanations;

(6) Names of lawyers and tellers and scrutineers;

(7) Other contents that shall be recorded in the meeting minutes in accordance with the Articles of Association.

Voting and Resolutions of General Meeting

Resolutions of Shareholders at the general meeting shall take the forms of ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by an attending Shareholders (including their proxies) holding a majority vote of the voting rights.

Special resolution at a general meeting shall be adopted by attending Shareholders (including their proxies) holding at least two-thirds of the voting rights.

The following matters shall be passed by an ordinary resolution at a general meeting of Shareholders:

(1) reports on the work of the Board of Directors and the Board of Supervisors;

(2) profit distribution plans and loss recovery plans drawn up by the Board of Directors;

(3) the appointment and removal of members of the Board of Directors and the Board of Supervisors and the method of their remuneration and payment;

(4) the annual financial budget and final accounts for the Company;

(5) the Company's annual report;

(6) any other matters not otherwise required by the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**] or the Articles of Association to be passed by special resolution.

The following matters shall be passed by a special resolution at a general meeting:

(1) the increase or reduction of the Company's registered capital;

(2) the separation, division, merger, dissolution and liquidation of the Company;

(3) amendments to the Articles of Association of the Company;

(4) the repurchase of Shares;

(5) adjustments or alterations to the profit distribution policy stipulated in the Articles of Association;

(6) the purchase or sale of material asset(s) or the provision of guarantee(s) by the Company within one year with amount(s) exceeding 30% of the Company's latest audited total assets;

(7) equity incentive plans;

(8) the Transfer of control of the Company;

(9) Any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those matters approved by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

Shareholders (including shareholders' agents) exercise their voting rights based on the number of voting shares they represent, and each share is entitled to one vote. When voting, shareholders (including shareholders' proxies) with two or more voting rights do not have to vote for or against all voting rights.

According to applicable laws and regulations and the Hong Kong Stock Exchange Listing Rules of the Hong Kong Stock Exchange, if any shareholder is required to give up voting rights on a certain resolution, or any shareholder is restricted from voting in support of (or against) a certain resolution, such votes cast by such shareholders or their representatives in violation of relevant regulations or restrictions shall not be counted in the total number of shares with voting rights.

No voting rights shall be attached to the shares held by the Company, and such shares shall not be counted among the total number of voting shares held by the Shareholders present at a general meeting.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. A natural person who falls into any of the following circumstances shall not serve as director of the Company:

(1) a person who suffers from any incapacity or restricted capacity from undertaking civil liabilities;

(2) a person who has been convicted of and sentenced for offences relating to corruption, bribery, trespass to assets, misappropriation of assets or causing socialist market economy disorder and a period of 5 years has not elapsed since the completion of the term of the sentence or deprivation or who has been deprived of his political rights and imposed a suspended sentence as a result of he/she having committed an offence and a period of 2 years has not elapsed since the completion of the term of the suspended sentence;

(3) a person who is a director or factory manager or manager of a company or enterprise which has become insolvent and liquidated and who incurs personal liability for the insolvency of that company or enterprise, and a period of 3 years has not elapsed since the date of completion of insolvent liquidation of that company or enterprise;

(4) a person who is a legal representative of a company or enterprise, the business license of which is revoked and ordered to close down on the grounds of contravention of law, and who incur personal liability therefor, and a period of 3 years has not elapsed since the date of revocation of the business license of that company or enterprise or that company or enterprise being ordered to close down;

(5) a person who has been as a dishonest party by the People's Court due to with comparatively large debts that have fallen due but have not been settled;

(6) a person who is currently being prohibited from participating in securities market by the CSRC and who has been publicly determined by a stock exchange to be not suitable to act as a director of the Company, where the term has not yet expired;

(7) other matters stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or regulatory rules of the stock exchange(s) where the shares of the Company are listed.

For any election and appointment of a Director in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a Director falls into any of the aforesaid circumstances in his term of office, the Director shall be removed from office.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting prior to the expiration of their term of office. The term of office of directors is three years. Upon the expiration of the term of office, directors may be re-elected for consecutive terms. However, the consecutive term of office for independent non-executive directors shall not exceed nine years. Subject to compliance with laws, administrative regulations or the Articles of Association, shareholders shall have the right to remove any director (including managerial or other executive directors) from office by an ordinary resolution at the shareholders' meeting prior to the expiration of his or her term of office; provided that such removal shall not affect any claim for damages made by the director pursuant to any contract, and the removal shall take effect on the date when the resolution is made.

The tenure of office of a director shall be calculated from the date of appointment until the expiry of the current term of the Board of Directors. If the tenure of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform the duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director assumes office. The directors shall comply with the provisions of laws, administrative regulations, departmental rules, regulatory rules of the stock exchange(s) where the shares of the Company are listed and the Articles of Association.

A director may concurrently hold the position of the senior management officer. However, the total number of directors who also hold positions as senior management officer and who are employee representatives shall not exceed half of the total number of directors of the Company.

In order to safeguard the overall interests of the Company and its shareholders as well as the stability of the Company's operations, the director candidates nominated by the acquirer and/or its persons acting in concert shall have at least five years of experience in business management of the same business as the Company's then-main business in companies in the same industry with a scale comparable to that of the Company, as well as professional abilities and knowledge levels commensurate with the performance of their duties as directors.

If any director fails to attend in person or appoint other directors as his/her representative to attend meetings of the Board of Directors for two consecutive times, such director shall be deemed to have failed to perform his duties, and the Board of Directors shall propose to replace such director at the shareholders' meeting.

The directors may, prior to expiration of their terms of office, resign and submit their resignation report in writing to the Board of Directors and resignation is effective on the date of receipt of the resignation report by the Company.

If any directors resign such that the membership of the Board of Directors of the Company falls short of the number of directors required, such director shall continue to fulfil his/her duties as director pursuant to laws, administrative regulations, departmental rules, regulatory rules of the stock exchange(s) where the shares of the Company are [**REDACTED**] and the Articles of Association until a new director is elected.

Board of Directors

The Board of Directors is composed of executive directors, non-executive directors and independent non-executive directors. The number of independent non-executive directors shall not be less than 3, and shall account for more than one-third of the Board of Directors.

The Board of Directors shall exercise the following functions and powers:

(1) to convene general meetings and to report on its work at the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the business plans and investment proposals of the Company;

(4) to prepare the Company's annual financial budget and final accounts plan;

(5) to prepare proposals for profit distribution and for making up accrued losses of the Company;

(6) to prepare proposals for the increase or reduction of share capital and the issue of bonds of the Company or other securities and [**REDACTED**] plans;

(7) subject to compliance with the provisions of the regulatory rules of the stock exchange(s) where the shares of the Company are listed, to formulate proposals for major acquisitions, purchase of the Company's shares or the merger, demerger, dissolution or change in the form of the Company, as well as plans for the Company to repurchase its own shares for the reasons specified in sub-paragraphs (1) and (2) of Article 22;

(8) In accordance with the provisions of the Articles of Association and the authorization from the shareholders' meeting, to decide on the repurchase of the Company's own shares for the reasons specified in sub-paragraphs (3), (5) and (6) of Article 22;

(9) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, donations, etc. of the Company within the scope authorized by the shareholders' meeting;

(10) to decide on the establishment of internal management organization of the Company;

(11) to appoint or dismiss the chief executive officer and secretary to the Board of Directors and pursuant to the nomination of the chief executive officer, appoint or dismiss other senior management officers of the Company (except the secretary to the Board of Directors), and to determine matters relating to their remuneration, rewards and punishments;

(12) to formulate the basic management system of the Company;

(13) to prepare proposals for the amendment of the Company's Articles of Association;

(14) to manage disclosure of information concerning the Company;

(15) to propose to general meeting for the engagement or change of the accounting firm that provides audit for the Company;

(16) to receive reports and examine the work of the chief executive officer and other senior management officers of the Company;

(17) Regarding the Company's outbound investments, if they don't meet the review standards of the shareholders' meeting as stipulated in Article 40, and the investment amount of a single project is within 10 million yuan (inclusive) and the cumulative annual investment amount of all projects is within 20 million yuan (inclusive), the Board of Directors authorizes the chairman to decide. The chairman shall report to the chairman of the Strategy and Investment Committee in advance. For those exceeding the above investment amount ranges, they shall be submitted to the Board of Directors for review. And for outbound investment activities that shall be reviewed by the shareholders' meeting according to the provisions of the Articles of Association, they shall be submitted to the shareholders' meeting for review after being approved by the Board of Directors;

(18) All guarantees provided by the Company shall be reviewed by the Board of Directors. And for guarantees that are required to be reviewed by the shareholders' meeting according to the provisions of the Articles of Association, they shall be submitted to the shareholders' meeting for review after being approved by the Board of Directors;

(19) such other functions and power as authorized by the laws, administrative regulations and departmental rules, the Hong Kong Listing Rules, regulatory rules of the place where the Company's [**REDACTED**] are [**REDACTED**] or the Articles of Association.

The Board of Directors shall have a chairman and a vice-chairman, and shall be elected by a majority of all directors of the Board of Directors.

The chairman of the Board of Directors shall exercise the following functions and powers:

(1) to preside over the shareholders' meeting and to convene and preside over the meetings of the Board of Directors;

(2) to supervise and inspect the implementation of resolutions of the Board of Directors;

(3) to exercise any other functions and powers conferred by the Board of Directors.

The board meetings include regular meetings and extraordinary meetings.

No less than four (4) regular board meetings shall be held each year. Such regular meetings shall be convened by the chairman of the board, with the notice thereof being given in writing to all directors fourteen (14) days prior to the meeting date.

Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, more than 1/2 independent non-executive directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board of Directors shall convene and preside over a board meeting within 10 days after receiving the proposal.

A meeting of the Board of Directors shall be held with the attendance of a majority of the Directors (including proxies). Resolutions made by the Board of Directors shall be passed by a majority of all Directors. In case relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are listed have different stipulations regarding matters related to the resolutions of the Board of Directors, those stipulations shall be followed.

When voting on the resolutions of the Board of Directors, each director shall have one vote.

Special Committees under the Board of Directors

The Board of Directors of the Company has established a Strategy and Investment Committee, an Audit Committee, a Nomination Committee and a Remuneration Committee. The special committees shall be responsible to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for review and decision. All members of the special committees shall be composed of directors. Among them, independent non-executive directors shall account for the majority in the Audit Committee, the Nomination Committee and the Remuneration Committee and serve as conveners. The convener of the Audit Committee shall be an independent non-executive director with appropriate accounting or relevant financial management expertise as required by the regulatory rules of the listing place. The Board of Directors shall be responsible for formulating the implementation rules for the special committees to regulate the operation of the special committees. The Strategy and Investment Committee shall set up a Standing Group of the Strategy and Investment Committee, which shall be composed of the executive directors of the Company and be responsible for providing guidance and management in terms of the Company's strategy, investment and team building during the adjournment of the Board of Directors.

THE EXECUTIVE COMMITTEE AND SENIOR MANAGEMENT OFFICERS

The Company has established the Executive Committee, which shall be responsible for the implementation of strategies and daily operation and management activities. The Executive Committee shall have one chairman, one or two vice-chairman and several members.

The Chief Executive Officer shall serve as the Chairman of the Executive Committee, and the President shall serve as the Vice-Chairman of the Executive Committee. Other members of the Executive Committee shall be nominated by the Chairman of the Executive Committee, reviewed by the Nomination Committee of the Board of Directors, determined by the Strategy and Investment Committee, and reported to the Board of Directors of the company. The Secretary to the Board of Directors shall also serve as the Secretary to the Executive Committee of the company.

The Chief Executive Officer and the Secretary to the Board of Directors shall be nominated by the Chairman of the Board, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors. Other senior management officers (excluding the Chief Executive Officer and the Secretary to the Board of Directors) shall be nominated by the Chief Executive Officer, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors.

The term of office for the Executive Committee and the Chief Executive Officer shall be three years each term. They may be reappointed for consecutive terms.

The Chief Executive Officer shall be responsible to the Board of Directors and exercise the following functions and powers:

(1) to preside over the Company's production, operation and management work, to organize the implementation of the resolutions of the Board of Directors, and to report work to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to draft the plans for the establishment of the Company's internal management organizations;

(4) to draft the basic management systems of the Company;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors to appoint or dismiss other senior management officers of the Company except the Secretary to the Board of Directors;

(7) to decide to appoint or dismiss the management officers who are not required to be appointed or dismissed by the Board of Directors;

(8) to exercise other functions and powers conferred by the Articles of Association or the Board of Directors.

The Chief Executive Officer may attend meetings of the Board of Directors as a non-voting participant.

The Company shall appoint a Secretary to the Board of Directors, who shall be responsible for corporate governance, investor relations and other matters.

The Secretary to the Board of Directors shall be nominated by the Chairman of the Board, reviewed by the Nomination Committee and the Strategy and Investment Committee, and appointed or dismissed by the Board of Directors.

The Secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

BOARD OF SUPERVISORS

Supervisors

The circumstances in which a person shall not be appointed as a director provided by the Articles of Association shall be applicable to the supervisors.

Directors, the Chief Executive Officer and other senior management officers shall not act concurrently as supervisors.

The supervisors shall abide by the laws, administrative rules, the listing rules of the stock exchange(s) where the Shares are listed and the Articles of Association and perform the obligations faithfully and diligently. They shall not abuse their authority of office to obtain bribes or other illegal income and not to misappropriate the property of the Company.

The provisions relating to the director's duty of loyalty and diligence as stipulated in the Articles of Association shall also apply to the supervisors.

Each supervisor shall serve for a term of three years. The term is renewable upon re-election and re-appointment.

If re-election of a supervisor has not taken place prior to the end of the appointment term, or a supervisor has resigned during his appointment term resulting in the board of supervisor members to be less than quorum, before the re-elected supervisor takes office, the former supervisor shall nevertheless perform his duties as a supervisor in accordance with the law, administrative rules and the Articles of Association.

The supervisors may attend Board meetings as non-voting participants, and deliver enquiry or suggestion regarding resolutions at Board meetings.

Any supervisor who violates any laws, administrative regulations, departmental rules, the listing rules of the place where the Shares are listed or the Articles of Association during the course of performing his/her duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

Board of Supervisors

The Company shall have the Board of Supervisors. The Board of Supervisors shall consist of three supervisors, including one supervisor elected by the employee representatives and two supervisors appointed by the shareholders.

The employee representatives on the Board of Supervisors shall be democratically elected by the Company's employees through the employees' congress, the general meeting of employees or other forms. The supervisors who are not employee representatives shall be elected or replaced by the shareholders' meeting.

The Company's Board of Supervisors shall have one chairman. The chairman of the Board of Supervisors shall be elected by a majority vote of all the supervisors. The chairman of the Board of Supervisors shall convene and preside over the meetings of the Board of Supervisors. In the event that the chairman of the Board of Supervisors is unable to perform his or her duties or fails to perform his or her duties, more than half of the supervisors shall jointly recommend one supervisor to convene and preside over the meetings of the Board of Supervisors.

The Board of Supervisors shall perform the following duties:

(1) to review and provide written comments on the Company's periodic reports prepared by the Board of Directors;

(2) to inspect the Company's financial position;

(3) to supervise the behaviours of the directors and senior management members in performing their duties, and to advise on dismissal of any directors and senior management members who are in breach of laws, administrative regulations and the Articles of Association;

(4) to demand the directors and senior management members to rectify their errors if they have acted in a harmful manner to the Company's interest;

(5) to propose to convene an extraordinary general meeting, and where the Board fails to perform the duties in relation to convening or presiding over a general meeting as required by the Company Law, to convene and preside over the general meeting;

(6) to propose motions in a general meeting;

(7) to take legal actions against directors and senior management members in accordance with Article 189 of the Company Law;

(8) to conduct investigations whenever unusual conditions of operation of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any costs arising therefore shall be borne by the Company;

(9) to require directors and senior management to submit reports on the execution of their duties;

(10) other powers and functions stipulated in the articles of association or granted by the shareholders' meeting.

The Board of Supervisors shall hold at least one meeting every six months. Supervisors may propose to hold an interim meeting of the Board of Supervisors. For regular meetings and interim meetings of the Board of Supervisors, the Board of Supervisors shall issue written meeting notices 10 days and 5 days in advance respectively. In case of an emergency where an interim meeting of the Board of Supervisors needs to be convened as soon as possible, the meeting notice may be issued orally or by telephone at any time, but the convener shall make an explanation at the meeting.

A meeting of the Board of Supervisors shall be held with the presence of a majority of the Supervisors. Resolutions of the Board of Supervisors shall be adopted by a majority vote of the supervisors.

Voting on resolutions of the Board of Supervisors shall be on a one-person-one-vote basis.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's [**REDACTED**] are [**REDACTED**], and the provisions stipulated by the relevant authorities of the PRC. If the financial and accounting system is otherwise provided in the Hong Kong Listing Rules or relevant regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**], such regulatory rules shall prevail.

The Company shall prepare financial and accounting reports such as annual reports in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's [**REDACTED**] are [**REDACTED**]. In addition to the statutory accounting books, the company shall not keep separate accounting books. The Company's assets shall not be deposited into accounts opened in the name of any individual.

In distributing the after-tax profits in the current year, the Company shall allocate 10% of such profits into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is 50% or more of its registered capital, further allocations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its after-tax profits to its statutory reserve fund, the Company may, subject to the approval by resolutions of the shareholders' meeting, allocate its after-tax profits to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining after-tax profits shall be distributed by the Company to its shareholders in proportion to their respective shareholdings unless it is stipulated that such distribution shall not be made in proportion to the shareholdings pursuant to the Articles of Association.

If the Company violates the provisions of the preceding paragraph and distributes profits to shareholders before making up losses and allocating the statutory reserve funds, shareholders must return the profits distributed in violation of the provisions to the company. If losses are caused to the Company, shareholders and the responsible directors, supervisors and senior management officers shall bear the liability for compensation.

The Company's shares held by the Company are not entitled to any profit distribution.

The reserve funds of the Company may be applied for making up for losses of the Company, expansion of the Company's production and operation or increase the capital of the Company. When applying the reserve funds to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if such funds are still insufficient to make up for losses, the capital reserve fund may be applied in accordance with relevant provisions.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

After the shareholders' meeting of the company has made a resolution on the profit distribution plan, or after the Board of Directors of the Company has formulated specific plans according to the conditions and upper limits for the interim dividend of the next year which have been reviewed and approved by the annual shareholders' meeting, the distribution of dividends (or shares) shall be completed within two months.

The Company's profit distribution policy is to distribute profits in proportion to the shares held by shareholders. Dividends may be distributed in the form of cash or stocks.

Internal Auditing

The company shall implement an internal audit system and be staffed with full-time auditors to conduct internal audit and supervision over the Company's financial revenues and expenditures and economic activities.

The internal audit system of the company and the responsibilities of the auditors shall be implemented after being approved by the Board of Directors. The person in charge of the audit shall be responsible to the Board of Directors and report work to it.

Appointment of Accountant Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**] to conduct audits of accounting statements, verification of net assets, and other related consulting services, etc., with a term of one year, which is renewable.

The engagement and dismissal of the accounting firm by the Company shall be approved by the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm prior to the decision made by the shareholders' meeting.

The Company shall ensure the provision of true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the appointed accounting firm without any refusal, concealment or misrepresentation.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

When the Company removes or does not renew the appointment of the accounting firm, it shall notify the accounting firm 30 days in advance, and the accounting firm shall be allowed to state its opinions when the Company's shareholders' meeting votes on the removal of the accounting firm.

If the accounting firm resigns, it shall make clear to the shareholders' meeting whether there is any impropriety on the part of the Company.

NOTICE AND ANNOUNCEMENT

The Company's notices (including corporate communications, as defined in Rule 1.01 of the Hong Kong Listing Rules) shall be delivered through the following means:

(1) by a special messenger;

(2) by mail;

(3) by way of announcement;

(4) by other forms recognized by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's [**REDACTED**] are [**REDACTED**], or other forms stipulated in the Articles of Association.

If the Company's notice is delivered by a special messenger, the recipient shall sign (or affix a seal) on the delivery receipt, and the date of the recipient's signature shall be regarded as the date of delivery. If the Company's notice is delivered by mail, the third working day after the date of posting shall be regarded as the date of delivery. If the Company's notice is delivered by telephone, the date of the telephone notice shall be regarded as the date of delivery. If the Company's notice is delivered by fax, the date of transmission shall be regarded as the date of delivery. If the Company's notice is delivered by email, the date of dispatch shall be regarded as the date of delivery.

The accidental omission to give a meeting notice to, or the failure of receipt of the meeting notice by, a person entitled to receive notice shall not invalidate any meeting and any resolution passed thereat.

The Company issues announcements and discloses information to domestic unlisted shareholders through legal, administrative regulations, or information disclosure newspapers and websites designated by relevant domestic regulatory agencies. If an announcement should be made to H-share shareholders according to this Articles of Association, the relevant announcement should also be published in designated newspapers, websites, and/or the Company's website in accordance with the relevant provisions of the Hong Kong Listing Rules. The Board of Directors has the right to decide and adjust the determined media for disclosure of the Company's information, but shall ensure that the relevant media for disclosure of information complies with the relevant laws and regulations and the regulatory rules of the places where the shares of Company are listed.

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Demerger, Capital Increase and Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption refers to the merger realized by a company through the absorption of other companies, in which case the absorbed companies are dissolved. Merger by the establishment of a new entity refers to the merger of two or more companies to create a new company, in which case the merging parties are dissolved.

When a company merges, the creditor's rights and debts of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and inventories of properties. The Company shall notify its creditors within 10 days from the date on which a resolution is adopted in favor of the division and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the surviving companies after the division shall be jointly and severally liable for the debts of the Company which have been incurred before such division.

The Company shall prepare balance sheets and inventories of properties when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date on which a resolution to reduce the registered capital is adopted and shall publish an announcement in a newspaper or in the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right to require the Company to repay its debts or to provide a corresponding guarantee for such debts within 30 days from the date it receives the relevant notice or, in the case of a creditor who did not receive such notice, within 45 days from the date of the relevant announcement.

Dissolution and Liquidation

The Company shall be dissolved in any of the following circumstances:

(1) The business period specified in the Articles of Association is expired or other causes of dissolution specified therein take place;

(2) The shareholders' meeting resolves to dissolve the Company;

(3) Dissolution is necessary due to a merger or demerger of the Company;

(4) The business license is revoked, or the company is ordered to close or be shut down according to law;

(5) Where the Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

The dissolution or liquidation of the Company shall be subject to the approval of a special resolution of the shareholders' meeting. When causes for the dissolution as stipulated in the preceding paragraph occur, it shall disclose the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company is in the situation described in items (1) and (2) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or a resolution passed by the general meeting.

The amendments to the Articles of Association in accordance with the provisions in the preceding article shall require the approval of at least two-thirds of the voting rights held by Shareholders attending the general meeting.

The liquidation committee shall notify the creditors within ten days as of its establishment and make a public announcement in newspapers within sixty days. Creditors shall declare their claims to the liquidation committee within thirty days as of the receipt of the notice or within forty-five days as of the date of the public announcement if they have not received the notice.

When declaring their claims, creditors shall state the relevant matters concerning the claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of claim declaration, the liquidation committee shall not make any repayment to the creditors.

After sorting out the Company's property, preparing the balance sheet and the inventory of property, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining property of the Company after paying off the liquidation expenses, the salaries of employees, social insurance premiums and statutory compensation, paying off the taxes in arrears and discharging the Company's debts respectively shall be distributed by the Company in proportion to the shares held by shareholders.

During the liquidation period, the Company shall continue to exist, but it shall not conduct business activities unrelated to the liquidation. Before the Company's property is paid off in accordance with the provisions of the preceding paragraph, it will not be distributed to shareholders.

After the liquidation committee has sorted out the Company's property, prepared the balance sheet and the inventory of property, if it finds that the Company's property is insufficient to pay off its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator appointed by the people's court.

After the completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and also submit it to the company registration authority to apply for the cancellation of the Company's registration.

In the event that the Company is lawfully declared bankrupt, bankruptcy liquidation shall be conducted in accordance with the laws regarding enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in one of the following circumstances:

(1) subsequent to the amendment of the Company Law or relevant laws and administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the places where the Company's [**REDACTED**] are [**REDACTED**], the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the Hong Kong Listing Rules;

(2) the Company has experienced changes, resulting in matters inconsistent with those recorded in the Articles of Association;

(3) the shareholders' meeting decides to amend the Articles of Association.

Matters of amendment of the Articles of Association adopted by resolution of the general meeting shall be submitted to the competent authorities for approval; if they involve matters of the Company's registration, the registration of the changes shall be made in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the general meeting to amend the Articles of Association and the approval of the relevant competent authorities.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on September 24, 2019 and was converted into a joint stock limited company on June 27, 2022 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB2,042,143,304.

Our registered place of business in Hong Kong is at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We [have] been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Mr. Lee Leong Yin at Hong Kong has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and Appendix III to this Document, respectively.

Changes in the Share Capital of our Company

On April 22, 2025, the registered capital of our Company was increased from RMB2,020,209,770 to RMB2,042,143,304; and

As approved by our Shareholders' meeting held on May 16, 2025, immediately upon [**REDACTED**], the ordinary shares of our Company were split on a one-for-ten basis, and the par value of the Shares was changed from RMB1 per Share to RMB0.1 per Share. Therefore, immediately after the [**REDACTED**] (assuming the Share Subdivision is completed and the [**REDACTED**] is not exercised), the registered share capital of the Company became RMB[**REDACTED**] divided into [**REDACTED**] Shares of par value RMB0.1 each.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this Document:

- On November 6, 2024, the registered share capital of Chengdu ESWIN Computing Technology Co., Ltd. (成都奕斯偉計算技術有限公司) was increased from RMB100 million to RMB135 million.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in March and April 2025, it was resolved, among others, and the following was approved:

(a) the issue of H Shares and the [**REDACTED**] of such H Shares on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the [**REDACTED**], and the grant to the [**REDACTED**] of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) conditional upon the completion of the [**REDACTED**], Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted, which shall become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities;

(e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [**REDACTED**];

(f) the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of Shares to be issued, or to be sold and/or transferred out of treasury that are held as treasury shares shall not exceed 20% of the number of Shares in issue as of the [**REDACTED**]; and

(g) the granting of a general mandate to the Board to repurchase Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as of the [**REDACTED**].

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase Shares at annual general meetings, the Board will be granted general mandate to repurchase Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions;

(ii) the revocation or variation of the mandate under the resolution by a special resolution at the next general meeting of the Company; or

(iii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares would result in a maximum of 10% of the H Shares in issue as of the [**REDACTED**] being repurchased by the Company during the relevant period.

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the [**REDACTED**] of a new issue of shares made for such purpose. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(f) Status of repurchased Shares

In accordance with the Articles of Association, the Listing Rules and any other applicable laws and regulations, following a repurchase of the H Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) General

To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed share repurchase has unusual features.

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

(a) [**REDACTED**].

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had obtained the licensing rights to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Date of Registration	Expiry Date
1. . .	ESWIN	7, 9, 35, 37, 42	ESWIN Group	306174559	Hong Kong	February 22, 2023	February 21, 2033
2. . .	奕斯伟	7, 9, 35, 37, 42	ESWIN Group	306174568	Hong Kong	February 22, 2023	February 21, 2033
3. . .	ESWIN RISAA	9, 35, 38, 41, 42	ESWIN Group	306593950	Hong Kong	June 26, 2024	June 25, 2034

Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
1. . .	Data moving method for direct memory access apparatus	Invention	Our Company	USA	US 12174766 B2	December 24, 2024	March 15, 2043
2. . .	Processing apparatus and system for performing data processing on multi-channel information (用於對多個通道信息執行數據處理的處理裝置及系統)	Invention	Our Company	PRC	ZL 202210168418.8	April 26, 2024	February 23, 2042
3. . .	Processor booting method, heterogeneous processor system, and processor booting apparatus (處理器啟動方法、異構處理器系統及處理器啟動裝置)	Invention	Our Company	PRC	ZL 202111518040.1	April 12, 2024	December 13, 2041
4. . .	Source driver system, its signal synchronization method, and display apparatus (源極驅動系統、其信號同步方法及顯示裝置)	Invention	Our Company, ESWIN Hefei	PRC	ZL 202210325724.8	March 21, 2023	March 29, 2042

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Authorization Date	Expiry Date
5. . .	Over-driving method and apparatus, display device, electronic device, and storage medium	Invention	Our Company	USA	US 12039938 B2	July 16, 2024	January 18, 2043
6. . .	Transmitter, transceiver and signal transmission method therefor	Invention	Our Company, ESWIN Nanjing	USA	US 12057877 B2	August 6, 2024	February 8, 2043
7. . .	A RF attenuation apparatus, method, and RF communication device (一種射頻衰減裝置、方法及射頻通信設備)	Invention	China Mobile Research Institute (中國移動通信有限公司研究院), Our Company, China Mobile Communications Corporation* (中國移動通信集團有限公司)	PRC	ZL 202211697520.3	April 2, 2024	December 28, 2042
8. . .	Automatic gain control system and control method, RF receiver (自動增益控制系統及控制方法、射頻接收機)	Invention	Our Company, Transa Guangzhou	PRC	ZL 202210185341.5	March 21, 2023	February 28, 2042
9. . .	An intelligent equipment controlling method, apparatus and system (一種智能設備控制方法、裝置及系統)	Invention	Our Company	PRC	ZL 202210751855.2	March 22, 2024	June 29, 2042
10.. .	Computing power scheduling methods, systems, electronic devices and computer-readable storage media (算力調度方法、系統、電子設備及計算機可讀存儲介質)	Invention	ESWIN Haining, Our Company	PRC	ZL 202110812523.6	December 31, 2024	July 19, 2041
11.. .	Method and apparatus for backlight control and display device	Invention	ESWIN Haining, Our Company	USA	US 12165603 B2	December 30, 2022	January 12, 2043
12.. .	Driving system, driving method, computer system and non-transitory computer readable medium	Invention	ESWIN Haining, Our Company	USA	US 11973140 B2	January 5, 2022	July 31, 2042

As of the Latest Practicable Date, we have applied for the registration of the following material patents, details of which are as follows:

No.	Patent description	Category	Applicant	Place of Application	Date of Application
1. . .	Data moving method, direct memory access apparatus and computer system (搬運數據的方法、直接存儲器訪問裝置以及計算機系統)	Invention	Our Company	PRC	December 30, 2021
2. . .	Apparatus, method, processing apparatus and computer system for accessing data (用於存取數據的裝置、方法、處理裝置及計算機系統)	Invention	Our Company	PRC	February 23, 2022
3. . .	Processing apparatus, method and system for performing data processing on multiple channels (用於對多個通道執行數據處理的處理裝置、方法及系統)	Invention	Our Company	PRC	February 23, 2022
4. . .	A teaching system (一種教學系統)	Invention	Our Company	PRC	April 15, 2022
5. . .	Method and related apparatus for blackboard handwriting extraction (板書字跡提取方法和相關裝置)	Invention	Our Company	PRC	April 29, 2022
6. . .	Processing device, system and method for blackboard display (用於板書顯示的處理設備、系統和方法)	Invention	Our Company	PRC	April 29, 2022
7. . .	Security defending method, coprocessor and processing apparatus (安全防禦方法、協處理器以及處理裝置)	Invention	Our Company	PRC	August 24, 2022
8. . .	Multi-core processor system and control method thereof (多核處理器系統及其控制方法)	Invention	Our Company	PRC	September 27, 2022

No.	Patent description	Category	Applicant	Place of Application	Date of Application
9. . .	A communication method, apparatus, computer device and storage medium (一種通信方法、裝置、計算機設備及存儲介質)	Invention	Our Company, Transa Guangzhou	PRC	October 12, 2022
10. .	Transmission method, apparatus, device, readable storage medium and program product (傳輸方法、裝置、設備、可讀存儲介質及程序產品)	Invention	Our Company, Transa Guangzhou	PRC	November 2, 2022
11.. .	Instruction execution method, shared cache, computer system and storage medium (指令執行方法、共享緩存、計算機系統及存儲介質)	Invention	Our Company	PRC	November 18, 2022
12. .	Method and apparatus for adjusting instruction pipeline, memory and storage medium	Invention	Our Company	USA	December 1, 2022
13. .	Fingerprint recognition module, fingerprint recognition method and apparatus (指紋識別模組、指紋識別方法及裝置)	Invention	Our Company	PRC	December 16, 2022
14. .	Buffer processing method and snooping filter, multiprocessor system, storage medium (緩衝處理方法及探聽過濾器、多處理器系統、存儲介質)	Invention	Our Company	PRC	December 19, 2022
15. .	Access instruction processing method, processing apparatus and data processing device (訪存指令的處理方法、處理裝置和數據處理設備)	Invention	Our Company	PRC	December 28, 2022
16. .	Security defending method and electronic apparatus	Invention	Our Company	USA	December 29, 2022

No.	Patent description	Category	Applicant	Place of Application	Date of Application
17. .	Electronic device, method, apparatus and storage medium for operation of multiple operating systems (電子設備、多操作系統的運行方法、裝置和存儲介質)	Invention	Our Company	PRC	February 13, 2023
18. .	Neural network processor and electronic device (神經網絡處理器和電子設備)	Invention	Our Company	PRC	March 31, 2023
19. .	Computer system operation method, processor, electronic device and storage medium (計算機系統的操作方法、處理器、電子設備和存儲介質)	Invention	Our Company	PRC	April 23, 2023
20. .	Posture recognition apparatus, method, electronic device and storage medium (姿態識別裝置、方法、電子設備及存儲介質)	Invention	Our Company	PRC	April 24, 2023
21. .	Instruction processing method, processor and storage medium (指令處理方法、處理器及存儲介質)	Invention	Our Company	PRC	April 24, 2023
22. .	AI directing method and device, system (AI導播方法及裝置、系統)	Invention	Our Company	PRC	May 18, 2023
23. .	Interrupt processing method, interrupt controller, electronic apparatus and storage medium (中斷處理的方法、中斷控制器、電子裝置和存儲介質)	Invention	Our Company	PRC	May 31, 2023
24. .	Method for processing a processor, processor, electronic apparatus and storage medium (操作處理器的方法、處理器、電子裝置和存儲介質)	Invention	Our Company	PRC	May 31, 2023

No.	Patent description	Category	Applicant	Place of Application	Date of Application
25. .	Processing method, system, electronic system and storage medium (處理方法、系統、電子系統和存儲介質)	Invention	Our Company	PRC	May 31, 2023
26. .	A data processing method for a touch control system, an array processing unit and a touch control system (一種觸控系統的數據處理方法、陣列處理單元及觸控系統)	Invention	Our Company	PRC	July 7, 2023
27. .	Method, apparatus, device, network system and storage medium for processing network congestion (處理網絡擁塞的方法、裝置、設備、網絡系統和存儲介質)	Invention	ESWIN Beijing System, Our Company	PRC	September 6, 2023
28. .	Method, processor, electronic apparatus and storage medium for processing instructions (處理指令的方法、處理器、電子裝置及存儲介質)	Invention	Our Company	PRC	November 3, 2023
29. .	Mutual exclusion access method, host, and system for mutual exclusion lock apparatus, shared resources (互斥鎖裝置、共享資源的互斥訪問方法、主機及系統)	Invention	Our Company	PRC	March 7, 2024
30. .	Processor, method, and electronic device for memory instructions (訪存指令的處理器、方法和電子設備)	Invention	Our Company	PRC	March 14, 2024
31. .	Instruction marking processing hardware and processor (指令標記電路和處理器)	Invention	ESWIN Xi'an, Our Company	PRC	April 18, 2024

No.	Patent description	Category	Applicant	Place of Application	Date of Application
32. .	Controller and system for processing interrupt requests (控制器及處理中斷請求的系統)	Invention	Our Company, ESWIN Xi'an	PRC	October 29, 2024
33. .	Method for processing instruction, processor, electronic apparatus and storage medium	Invention	Our Company	USA	November 1, 2024
34. .	Processing apparatus, method for processing instructions, and electronic device	Invention	ESWIN Xi'an, Our Company	USA	November 6, 2024
35. .	Method and device for data processing, and storage medium	Invention	Our Company	USA	November 7, 2024
36. .	Method for processing instruction, device, and storage medium	Invention	ESWIN Xi'an, Our Company	USA	November 19, 2024
37. .	Mutual exclusion device, mutually exclusive access method and system for shared resource, and host	Invention	Our Company	USA	November 27, 2024
38. .	Memory system and its operation method, electronic device (存儲器系統及其操作方法、電子設備)	Invention	Our Company, ESWIN Haining	PRC	December 17, 2024

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1 . . .	eswincomputing.com	Our Company	October 20, 2020	October 20, 2025
2 . . .	eswinic.cn	Our Company	August 30, 2017	August 30, 2025
3 . . .	eswinic.com	Our Company	August 30, 2017	August 30, 2025
4 . . .	eswintech.com	Our Company	August 6, 2019	August 6, 2025

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors, Supervisors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" in this Document, immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company and any other member of our Group.

Particulars of Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 8 to the Accountants' Report set out in Appendix I to this Document for the three years ended December 31, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

Disclaimers

(a) save as disclosed in the section headed "Substantial Shareholders" in this Document and this section, none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**] on the Stock Exchange;

(b) save as disclosed in the section headed "Substantial Shareholders" in this Document, none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**], Share Subdivision and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and

(d) none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of this Appendix is:

  i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

  ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are shareholders of our Company as of June 27, 2022 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [**REDACTED**] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2024 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited . .	A licensed corporation carrying on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jingtian & Gongcheng	Legal adviser to our Company as to PRC law
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to "Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the aggregate fee payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the [**REDACTED**] on the Stock Exchange is USD1 million.

Binding Effect

This Document shall have the effect, if an [**REDACTED**] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) save as disclosed in the section headed "Regulatory Overview" in this Document, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(i) our Company has no outstanding convertible debt securities or debentures;

(j) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(k) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contract" in Appendix IV to this Document; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **https://www.eswincomputing.com** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

(d) the report from KPMG on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract" in this Document;

(f) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts" in this Document;

(g) the service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts" in this Document;

(h) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in "Industry Overview" in this Document; and

(j) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.